National Brand Growth Continues at Even Pace

(Continued from page 35)

men's apparel as an area of growth.

Conventional discounters also had individual agendas. Nearly 40 percent of K mart managers reported brand growth in housewares, compared to 13 percent at Wal-Mart and 18 percent of Zayre managers. Significantly more K mart managers reported growth in sporting goods and cosmetics than did managers at the other chains.

Zayre's desperate (and ultimately ill-fated) attempt to upgrade its fashion image showed through clearly in the chain's responses. Nearly one-third of Zayre managers reporting some brand growth mentioned the men's apparel department as a growth area, compared to 15 percent of all managers. The same held true in consumer electronics, where 21 percent of Zayre managers—compared to only 4 percent of all other managers—reported brand name growth. Zayre brand growth rates were also above average in ladies' wear and domestics.

Wal-Mart managers tended to settle somewhere within striking distance of the average in most departments, showing significant variances only in household cleaners, candy and snacks, and H&BA, where they were more likely than average to report growth, and housewares and cosmetics, where they reported less-than-average increases in brand presence.

Once again, Kodak was the best-performing brand overall, with 80 percent of managers surveyed naming the Rochester, N.Y.-based giant as a best-performing brand in their photo and camera department. Maybelline, the

(Continued on page 55)

National Survey Reveals Store Managers' Top Performing Brands

Automotives ***129***
Pennzoil
Quaker State
Fram

Consumer Electronics ... ***121***
Emerson
General Electric
GoldStar

Cosmetics ***65***
Maybelline
Cover Girl
Revlon

Domestics ***113***
Cannon
J.P. Stevens
Pepperell

Food, Candy, Snacks ***141***
Hershey's
Snickers
M&M

Hardware ***139***
Stanley
Black & Decker
Lucite

Health & Beauty Aids ... ***131***
Crest
Colgate
Listerine

Household Chemicals ... ***115***
Tide
Windex
Clorox

Housewares ***118***
Rubbermaid
Corelle
Visions

Infants, Toddlers, Children's Apparel ***63***
Lee
Curity
Health-Tex
Liberty

Ladies' Apparel ***60***
Gitano
Lee
Jaclyn Smith

Men's Apparel ***59***
Lee
Wrangler
Fruit of the Loom

Personal Care ***123***
Conair
Clairol
Windmere

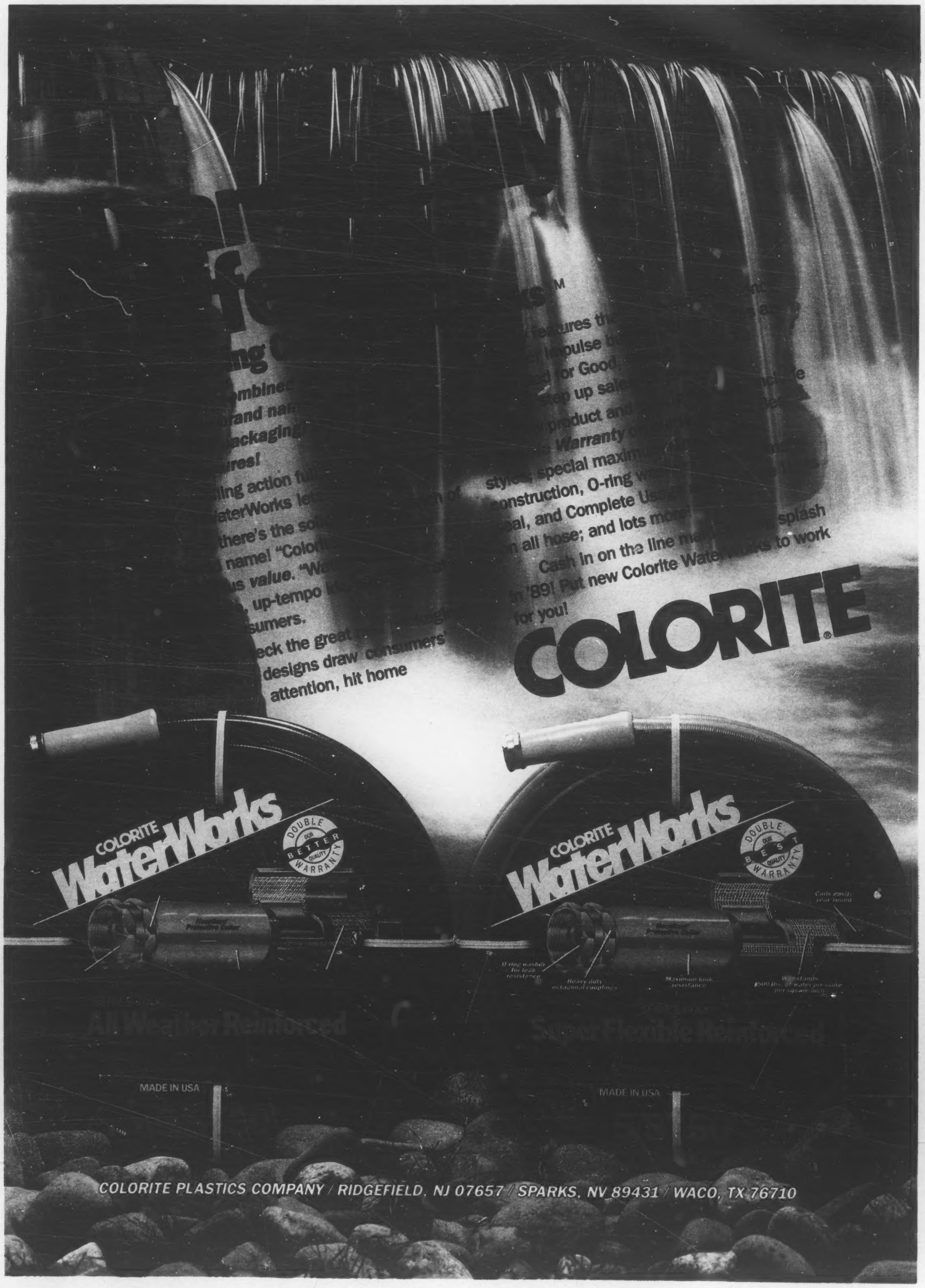
Photo, Camera ***117***
Kodak
Polaroid
Canon

Sporting Goods ***132***
Wilson
Coleman
Spalding

Stationery ***136***
Mead
Bic
Papermate

Toys ***135***
Fisher-Price
Mattel
Playskool

Store managers nationwide named their best performing brands in 17 merchandise categories, in a poll conducted for Discount Store News by Leo J. Shapiro & Associates.



COLORITE
COLORITE WaterWorks
DOUBLE OUR BETTER QUALITY WARRANTY
DOUBLE OUR BEST QUALITY WARRANTY
O ring washer for leak resistance
Heavy duty octagonal couplings
Maximum kink resistance
Withstands 500 lbs. of water pressure per square inch
Coils easily year round
All Weather Reinforced
Super Flexible Reinforced
MADE IN USA
MADE IN USA
COLORITE PLASTICS COMPANY / RIDGEFIELD, NJ 07657 / SPARKS, NV 89431 / WACO, TX 76710

Best Performers Noted for Effective Advertising

Nationwide DSN Report

Discount store managers appear to be increasingly concerned with the quality of products they sell, according to responses to the Top Brands Survey, but the traditional tandem of advertising and price is still a potent attribute of best-performing brands.

Advertising was cited as the single most important element in the success of any given brand, according to the study, but brand recognition, product performance and, to a lesser degree, price, played key roles as well.

In an average department, one-third of managers naming a brand mentioned effective advertising when asked why that brand was successful.

Just under one-third (31 percent) stressed brand recognition, and 28 percent were concerned with actual product performance. Price, always a major consideration at discount stores, was mentioned a little under one-quarter of the time (23 percent).

Other considerations, such as a large product offering, effective promotions and product presentation, sales volume and product features, were noted far less often.

Of course, reasons for success cited by managers varied markedly from category to category. Top brands in cosmetics, for instance, performed well because of advertising (45 percent) and product presentation (15 percent), with product performance less important than in other categories.

In an average department, 28 percent of managers cited performance as a key to success; only 20 percent mentioned performance in relation to top cosmetics brands. Product promotions also played a relatively insignificant role in cosmetics brand performance.

Advertising was also considered particularly important in the automotives (44 percent of managers), household cleaners (43 percent) and personal care appliances (also 43 percent) categories, and relatively unimportant in housewares, men's apparel and children's apparel areas.

Brand recognition played its largest role in the photo department (44 percent of managers), along with children's and men's apparel (37 percent and 39 percent, respectively). The recognition factor was considered less important to the success of personal care appliance (24 percent) and CE (26 percent) brands.

Product performance had considerable impact in the hardware (40 percent) and sporting goods (35 percent)

(Continued on page 55)

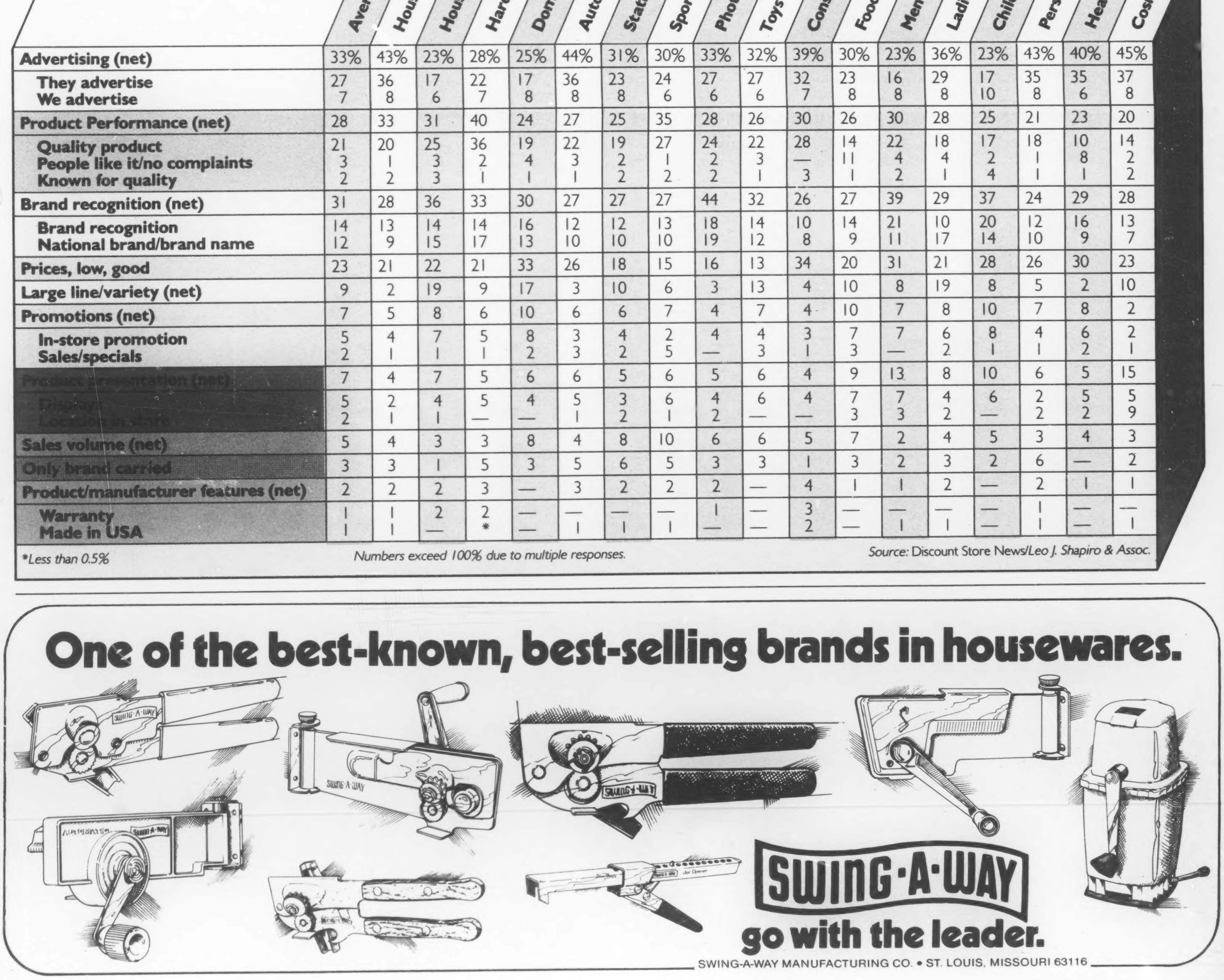
Attributes of Best Performing Brands

	Average All Departments	Household Cleaners & Chemicals	Housewares	Hardware	Domestics	Automotives	Stationery	Sporting Goods	Photo & Camera	Toys	Consumer Electronics	Food, Candy & Snacks	Men's Apparel	Ladies' Apparel	Children's Apparel	Personal Care Appliances	Health & Beauty Aids	Cosmetics
Advertising (net)	33%	43%	23%	28%	25%	44%	31%	30%	33%	32%	39%	30%	23%	36%	23%	43%	40%	45%
They advertise	27	36	17	22	17	36	23	24	27	27	32	23	16	29	17	35	35	37
We advertise	7	8	6	7	8	8	8	6	6	6	7	8	8	8	10	8	6	8
Product Performance (net)	28	33	31	40	24	27	25	35	28	26	30	26	30	28	25	21	23	20
Quality product	21	20	25	36	19	22	19	27	24	22	28	14	22	18	17	18	10	14
People like it/no complaints	3	1	3	2	4	3	2	1	2	3	—	11	4	4	2	1	8	2
Known for quality	2	2	3	1	1	1	2	2	2	1	3	1	2	1	4	1	1	2
Brand recognition (net)	31	28	36	33	30	27	27	27	44	32	26	27	39	29	37	24	29	28
Brand recognition	14	13	14	14	16	12	12	13	18	14	10	14	21	10	20	12	16	13
National brand/brand name	12	9	15	17	13	10	10	10	19	12	8	9	11	17	14	10	9	7
Prices, low, good	23	21	22	21	33	26	18	15	16	13	34	20	31	21	28	26	30	23
Large line/variety (net)	9	2	19	9	17	3	10	6	3	13	4	10	8	19	8	5	2	10
Promotions (net)	7	5	8	6	10	6	6	7	4	7	4	10	7	8	10	7	8	2
In-store promotion	5	4	7	5	8	3	4	2	4	4	3	7	7	6	8	4	6	2
Sales/specials	2	1	1	1	2	3	2	5	—	3	1	3	—	2	1	1	2	1
Product presentation (net)	7	4	7	5	6	6	5	6	5	6	4	9	13	8	10	6	5	15
Display	5	2	4	5	4	5	3	6	4	6	4	7	7	4	6	2	5	5
Location in store	2	1	1	—	—	1	2	1	2	—	—	3	3	2	—	2	2	9
Sales volume (net)	5	4	3	3	8	4	8	10	6	6	5	7	2	4	5	3	4	3
Only brand carried	3	3	1	5	3	5	6	5	3	3	1	3	2	3	2	6	—	2
Product/manufacturer features (net)	2	2	2	3	—	3	2	2	2	—	4	1	1	2	—	2	1	1
Warranty	1	1	2	2	—	—	—	—	1	—	3	—	—	—	—	1	—	—
Made in USA	1	1	—	*	—	1	1	1	—	—	2	—	1	1	—	1	—	1

*Less than 0.5%

Numbers exceed 100% due to multiple responses.

Source: Discount Store News/Leo J. Shapiro & Assoc.


One of the best-known, best-selling brands in housewares.
SWING-A-WAY
go with the leader.
SWING-A-WAY MANUFACTURING CO. • ST. LOUIS, MISSOURI 63116

National Brand Growth Continues at Even Pace

(Continued from page 36)

cosmetics department leader, was runner-up, with 70 percent of all managers mentioning the brand as a best performer in cosmetics.

Other top-performing brands in various departments and the percentage of managers who mentioned them were hardware brands Stanley (56 percent) and Black & Decker (54 percent), toy giant Fisher-Price (54 percent) and perennial domestics leader Cannon (53 percent).

Laundry detergent Tide was most often mentioned as a best-performing brand in the household cleaners category with 48 percent of managers citing the brand, while Crest toothpaste in H&BA and personal care appliance supplier Conair also received responses from 48 percent of managers. Stationery brand Mead (41 percent) was the only other top brand to receive mentions by as much as 40 percent of managers, though a number of M&M/Mars brands, taken together, totaled over 40 percent in the food, candy and snacks category. Hershey's, however, was the single most-often mentioned brand in food, candy and snacks, cited by 22 percent of the managers.

Rubbermaid (34 percent) lead the housewares department by a comfortable margin, although all Corning brand names combined would have placed that supplier at the top of the list. Emerson, which finished on top of the CE category by a narrow margin, was mentioned by 30 percent of store managers.

Gitano (29 percent in ladies' apparel) and sporting goods manufacturers Wilson and Coleman (28 percent each) just missed the 30 percent mark. Lee (24 percent in men's and 12 percent in children's) was the only brand to finish first in two categories.

Perhaps reflecting the uncertainty of the economic situation of the country as a whole in an election year, managers were slightly less optimistic about sales growth potential than was the case in 1987. Last year, about 90 percent of managers forecast growth for the upcoming year. (On the whole, they were right.)

This year, the percentage dropped to 83 percent. About 11 percent, a significant minority, predicted lower sales for 1989.

This year's Top Brands store manager survey was conducted in July by Leo J. Shapiro & Associates, and is nationally projectable. In all, 304 managers from several national and regional discount store chains were interviewed. In addition to K mart, Wal-Mart, Zayre and Target, store managers from Gold Circle, Bradlees, Caldor, Venture and Fred Meyer were interviewed.

Top Brands Noted For Advertising

(Continued from page 43)

departments, but managers felt that performance was relatively unimportant for H&BA and personal care appliance products.

Consumer electronics (34 percent) and domestics (33 percent) were considered to be the most price-sensitive departments, while price played a much smaller role in toys (13 percent citing price as a factor), sporting goods (15 percent) and photo (16 percent).

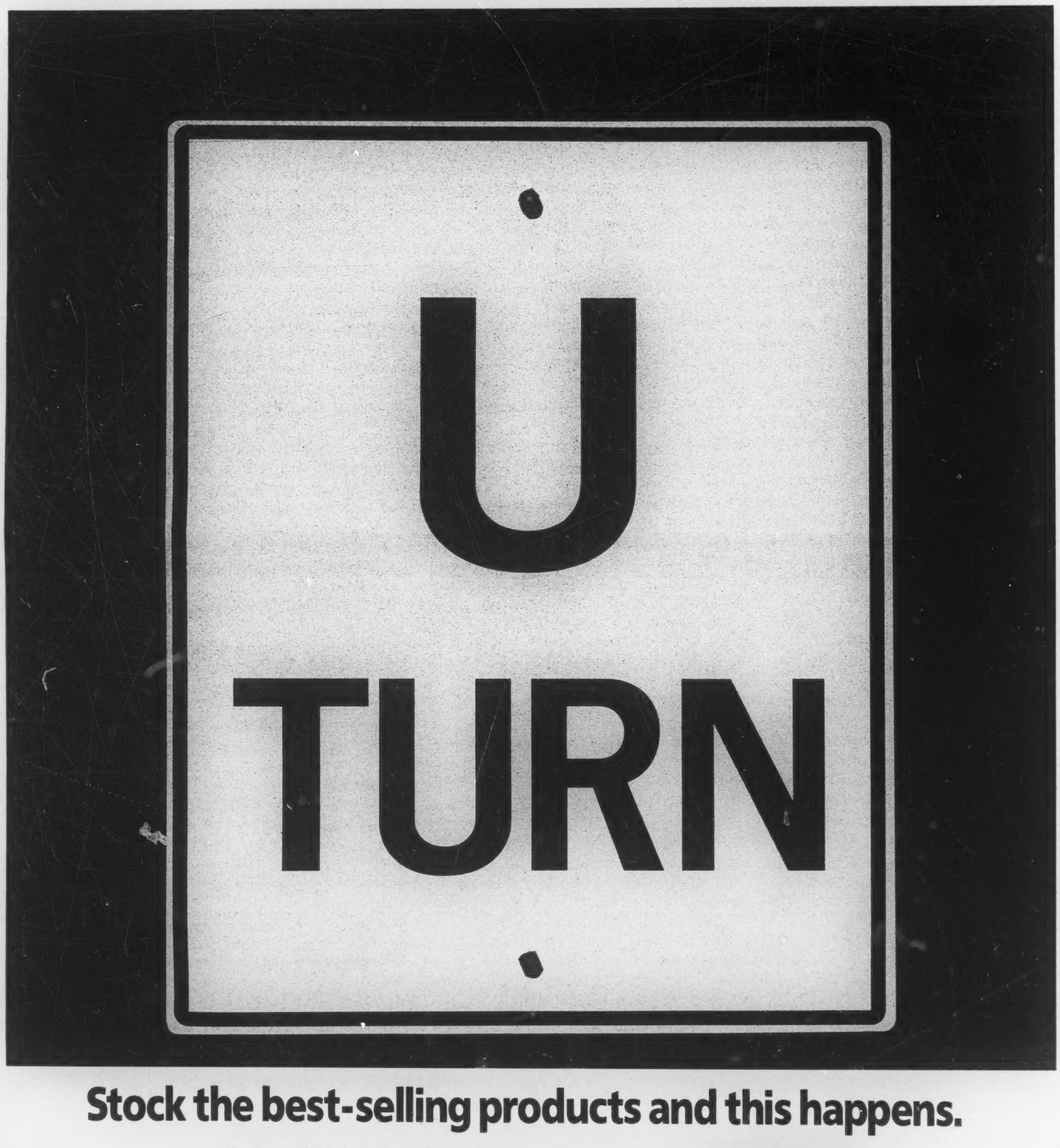
Large, complete offerings of product were key in housewares, ladies' apparel and domestics. Apparently, competing with the large toy store specialists resulted in a significant percentage of store managers stating that a large selection is an important attribute of a successful toy brand.

On the other hand, complete offerings mattered much less in H&BA, household cleaners, automotives and photo.

Promotions played a measurably above-average role in only three departments: domestics, children's apparel and food/candy/snacks (10 percent each).

Product presentation was judged important in cosmetics, where supplied fixtures and displays are common, as well as men's apparel and children's apparel, while product features counted noticeably only in the CE department.

Last year, brand recognition was considered more important than advertising in 11 of 17 product categories; this year, advertising was most significant in 11 departments and tied with brand recognition in another.

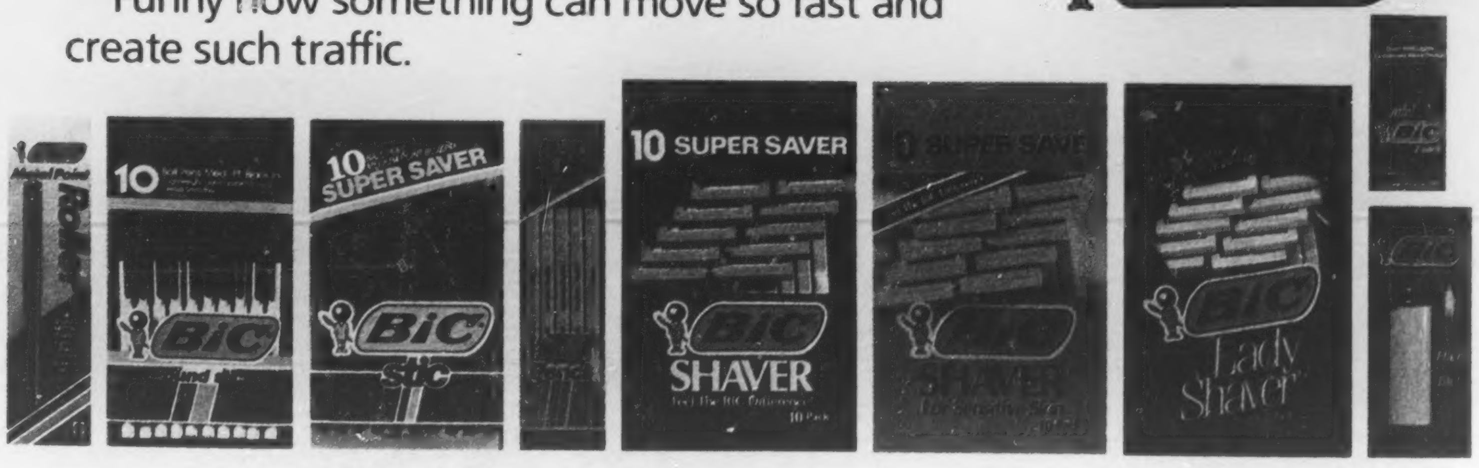


Stock the best-selling products and this happens.

Bic pens, lighters and shavers turn at breathtaking speeds. Now, that's a sign of high-quality.

Funny how something can move so fast and create such traffic.

BIC



PART I: STORE MANAGER SURVEY

Jeans Dynamic Duo Back on Top in Men's

Nationwide DSN Report

After a brief one-year reign as the most often mentioned best performing brand among discount store managers last year, Fruit of the Loom underwear dropped back to No. 3, with the familiar two jeans brands, Lee and Wrangler, moving back up to Nos. 1 and 2, respectively.

Again, as in women's apparel, total mentions of brands throughout the men's category were down compared to last year. For example, while Lee improved to No. 1 from No. 3 last year, the percentage of managers citing Lee as among their best performing brands dropped from 31 percent to 24 percent.

As in ladies' apparel, two jeans brands are on top of the heap. However, unlike Gitano and Lee in the female category, Lee and Wrangler in men's are not as evenly distributed between upscale and conventional discounters.

Lee, for example, was mentioned by 37 percent of upscale discounters and only 22 percent of others.

Wrangler, not surprisingly, was a mirror image of Lee, deriving its strength mainly from conventionals—25 percent—compared to upscalers, with only 13 percent. (It should be noted that since Lee and Wrangler are now owned by the same company, VF, a strategy of differentiation could be taking hold at retail.)

While it dropped to third place, Fruit of the Loom displayed the best balance compared to Lee and Wrangler. FOL got 22 percent of mentions among conventional store managers and 23 percent among upscalers.

Like Fruit of the Loom, another underwear brand—Hanes fell a notch this year to No. 4. Hanes, however, had more upscale store managers—23 percent mentions—in its camp than conventional store managers, with just 15 percent of them mentioning the brand.

Other movements in the rankings from last year to this year are: Dickies, the basic workwear/jeans brand, moving up to No. 5 from No. 7; McGregor, the men's and boys' apparel line, dropping to No. 7 from No. 5, and Manhattan, a recent convert to the discount industry, inching up to No. 9 from the 10th slot.

RUSTLER
DURABLE
TWILL JEANS
$12 97

Jeans brands charged to the top as names most often cited as best performers in men's. (DSN photo)

Top Brands Vary by Type of Outlet

	All Discounters		Conventional Discounters		Upscale Discounters	
Brand	**1988**	**1987**	**1988**	**1987**	**1988**	**1987**
Lee	24%	31%	22%	20%	37%	59%
Wrangler	23	35	25	33	13	38
Fruit of the Loom	22	39	22	38	23	40
Hanes	17	31	15	24	23	48
Dickies	11	13	13	18	2	1
Levi's	10	13	8	10	19	21
McGregor	8	16	8	11	8	28
Rustler	6	8	7	10	2	3
Manhattan	5	4	5	1	7	12
Ocean Pacific	3	1	4	—	—	3

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Falling off the list this year was Reed st. James, the men's wear apparel and accessories line put together by major manufacturers and earmarked exclusively for the discount industry. Reed st. James, which was No. 9 last year, has been having its problems of late. It seems that many discounters either want a longtime major national brand, or an exclusive brand/label of their own.

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Lee	11%	3%	52%	38%
Wrangler	22	43	24	30
Fruit of the Loom	16	25	36	6
Hanes	13	18	33	6
Dickies	3	10	42	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

The one addition to the top 10 list is high-fashion Ocean Pacific, in the No. 10 slot. Surprisingly, the fashionable sportswear brand got all its mentions—4 percent—from conventional discounters, and none from upscale stores.

Not surprisingly, Dickies and Levi's flip-flopped on their appeal between discounters at conventional and upscale stores, with Dickies most successful among conventional discounters—13 percent, compared to 2 percent at upscalers—and Levi's most often mentioned by the upscalers—19 percent, compared to 8 percent at the conventionals.

Even though it fell from the top five for the first time in several years, McGregor was named by a healthy 8 percent of all store managers.

Like Gitano in women's apparel, Lee was in great favor among Zayre store managers. Fifty-two percent of Zayre managers named Lee among their best performing brands, the highest rate of support for any one brand at one single chain.

The next highest mention across-the-board was Wrangler's 43 percent at Wal-Mart. Others with exceptional support at a chain included Dickies (42 percent of Zayre managers), Lee (38 percent of Target managers) and Fruit of the Loom (36 percent of Zayre managers).

Zayre, in ladies' and men's apparel, was far and away the most brand conscious of the four singled-out discounters.

Asked what qualities led to their top brand decisions, the highest percentage of respondents cited brand recognition (39 percent), followed by price (31 percent) and product performance (30 percent). Advertising, promotion and sales volume were mentioned by far fewer managers.

Upscalers were, predictably, much more concerned with brand recognition (57 percent) than were conventional discounters (35 percent) and, conversely, less concerned with product performance (17 percent vs. 33 percent). Traditional discounters were more concerned with price (35 percent) than were upscalers (15 percent).

K mart managers were far more concerned with product quality in the men's apparel department (42 percent) than were most other discounters, and in sharp contrast to most other categories, in price as well (47 percent).

Only 28 percent of Wal-Mart managers, generally the most price-conscious of the respondents, said that price was an important consideration, preferring product presentation (28 percent against an average of 13 percent) and advertising (28 percent against an average of 23 percent).

Zayre and Target, generally considered opposite poles of merchandising strategy, agreed that advertising and brand recognition were important elements in judging a product's importance, though Zayre managers felt strongly (38 percent) that product performance was the most important facet (compared to only 14 percent of Target managers).

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Lee	31%	18%	35%	15%
Wrangler	13	26	22	26
Fruit of the Loom	28	26	14	24
Hanes	23	17	12	18
Dickies	9	14	9	9
Levi's	—	8	11	17
McGregor	16	9	7	2
Rustler	5	8	6	2
Manhattan	19	2	3	2
Ocean Pacific	5	2	2	7

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Discount Momentum Propels Gitano Past Lee

Nationwide DSN Report

In the battle of branded jeans, Gitano edged out Lee for the No. 1 spot on the Top Brands list, according to a national survey of discount store managers.

Gitano had been gaining momentum in the marketplace for the last couple of years, selling and appealing directly to discounters while maintaining a high fashion image through creative styling and aggressive advertising.

The one-two punch of Gitano and Lee remains the powerhouse jeans brand combination in this market. Last year, Lee edged out Gitano by 1 percentage point.

Also, Gitano and Lee continue to have the best across-the-board appeal, with high numbers among both conventional and upscale discounters. Most other brands on the list got a disproportionate number of mentions from only one of the two segments.

Gitano, which in the past had trouble holding its own among upscale discounters, is now running neck and neck with Lee, with both brands being mentioned by nearly 30 percent of those managers. Last year, by contrast, Lee had 65 percent of upscaler mentions and Gitano received 40 percent of manager mentions among upscalers.

Total Mentions Drop

Overall, compared to last year, total branded mentions dropped slightly. In other words, while Lee suffered a 9 percentage point drop from last year, it still finished second, ahead of third place competitor, Jaclyn Smith, by a wide margin. Gitano won this year with 2 percent less fewer store managers mentioning it as a best performer, than Lee won with last year, suggesting that store managers are viewing brands as a bit less important than last year.

Credence is lent to such a theory when it's noted that Jaclyn Smith, K mart's private label signature line, jumped to third place on the list from fifth place last year. On top of that, Bobbie Brooks, Wal-Mart's new exclusive women's wear line, marks its first year on the list (at No. 5) with more manager mentions than established brands like Wrangler, Playtex, Levi's and Fruit of the Loom. This, of course, is directly related to the influence of the Wal-Mart managers polled.

However, it should be noted that whereas last year nearly six out of 10 K mart managers surveyed listed the company's house brand, Jaclyn Smith collection, as its best performing brand, this year only four out of 10 did so.

Dropping off the top 10 list this year are L'eggs (No. 9 last year) and Hunter's Glen (another K mart label), which was No. 10 last year.

New to the top 10 this year are Bobbie Brooks and Cape Cod, a dressy line of career coordinates.

Of the top 10, seven of the brands—Gitano, Lee, Chic, Playtex, Levi's, Cape Cod and Fruit of the Loom—got a higher percentage of nods from the upscale store managers than from managers of conventional stores. Not counting brands that are exclusive to particular chains (namely, Jaclyn Smith and Bobbie Brooks), just one brand—Wrangler—received more manager mentions from conventional discounters than from upscalers.

Interestingly, Gitano was mentioned by a higher percentage of Zayre store managers than any other brand at any other discounter, including Wal-Mart managers citing Bobbie Brooks and K mart managers mentioning Jaclyn Smith. The 67 percent figure is a testament to the importance of the fashion-image Gitano brand at Zayre, which was trying (at least until its acquisition last month by Ames) to attract a broader, more upscale customer.

Lee maintained its lead over Gitano among the upscale Target store managers, 32 percent to 21 percent.

When asked to explain their choices, managers were very vocal in support of several of the top brands. Of Gitano, one manager said, "The product sells itself and is of very good quality."

Referring to Levi's, another store manager said, "They supply basic jeans that everybody likes." Another Levi's supporter said, "You can wear them all year after year and still be in style."

Lee garnered praise for its quality and effective national advertising, while Chic drew compliments for the availability of its wide range of sizes.

Regionally, Gitano was strongest in the Northeast (47 percent of managers) and weakest in the West (22 percent), while Lee fared best in the North Central (29 percent), with the South and West bringing up the rear (17 percent each).

Even though K mart is spread out relatively uniformly across the country, the Jaclyn Smith brand was mentioned most often by store managers in the West (24 percent), with more mentions on a percentage basis than the other three regions of the country combined.

Given its name, the Cape Cod brand predictably did best in the Northeast (13 percent), the third most popular brand among store managers in that region. The brand was barely mentioned by managers in the other three regions.

Levi's, which still doesn't sell directly to discounters (the company's Brittania label is sold to discounters, but it didn't have enough mentions to make the top 20), did best in the West, with 11 percent of managers.

Overall, advertising seemed to be the most important reason for a brand's success, the managers said. Over 36 percent of them said that advertising (by vendor or by store) was significant in top performing brands' ratings.

Brand recognition (mentioned by 29 percent) and product performance (28 percent) were other leading indicators, while price (except at Wal-Mart) was judged to be of secondary importance.

There were significant differences between upscale and conventional discounters. Upscalers, for instance, valued advertising far less than did other discounters (22 percent vs. 36 percent), but tended to be a bit more brand conscious (33 percent to 28 percent). Upscalers were also less concerned (27 percent vs. 28 percent) with product performance, although Target managers (47 percent) were a distinct exception to that rule.

Such responses aren't surprising, as it suggests that upscale store managers, while believing product quality is important, are far more concerned about a brand's image than are conventional discount store managers.

bobbie brooks

Wal-Mart's new private label program, Bobbie Brooks, made its first showing on the Top Brands list. (DSN photo)

Top Brands Vary by Type of Outlet

Brand	All Discounters		Conventional Discounters		Upscale Discounters	
	1988	1987	1988	1987	1988	1987
Gitano	29%	30%	29%	25%	30%	40%
Lee	22	31	20	17	31	65
Jaclyn Smith	11	16	13	22	—	—
Chic	9	16	7	14	20	22
Bobbie Brooks	8	—	9	—	—	—
Wrangler	7	21	7	19	4	28
Playtex	4	9	3	8	12	14
Levi's	4	10	3	8	8	17
Cape Cod	3	1	3	—	5	3
Fruit of the Loom	2	8	1	5	6	14

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Gitano	23%	38%	67%	21%
Lee	9	3	27	32
Jaclyn Smith	41	—	—	—
Chic	2	—	3	27
Bobbie Brooks	—	65	—	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Gitano	47%	31%	23%	22%
Lee	26	17	29	17
Jaclyn Smith	3	8	11	24
Chic	3	9	14	9
Bobbie Brooks	—	18	2	2
Wrangler	11	3	7	11
Playtex	5	4	3	7
Levi's	3	2	3	11
Cape Cod	13	1	3	—
Fruit of the Loom	3	1	1	4

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Upscaling Upsets Performance in 'Small Duds'

7.99
Lee
Lee
8.99
Le

More discount store managers mentioned Lee as a top performer than any other brand in children's apparel. (DSN photo)

Nationwide DSN Report

In taking the top spot of all the brands in infants', toddlers' and children's apparel, Lee nearly completed a sweep of major apparel categories, according to a survey of discount store managers conducted for *DSN* by Chicago-based market researchers Leo J. Shapiro & Associates.

This category also exhibited far more volatility than was the case in most areas, with five brands dropping off the top 10 from last year, and five others moving onto the list.

Lee narrowly missed the "triple crown" by coming in at No. 2 behind Gitano in ladies' apparel, ironically the only category it won last year.

Shooting to the top spot from No. 4 last year, Lee received more than double the manager mentions from upscale discounters—21 percent—than from conventional discount store managers.

Key Fashion Brands

Once again, following the pattern established in ladies' and men's apparel, total brand mentions were down slightly. Yet, on the other hand, it's becoming quite clear that store managers across the board are becoming more brand/image conscious in this category. That is, while brands as a whole might be on the decline, key fashion brands seem to be more indispensable than ever.

New to the list this year are three fashion- and/or image-oriented upscale brands: Health-Tex, exploding onto the top 10 list at No. 3; Levi's, entering at No. 6, and Oshkosh, cracking the rankings at No. 9. Also new to the ranking was Liberty, a complete line of children's wear to which Wal-Mart has the exclusive rights, debuting as the fourth-best performing brand; and Garan, which just edged onto the list in the 10th position.

Shift Away from Infants

Dropping off the list were Wrangler (third last year), Pampers (from fifth), Huggies (seventh), Carter (ninth) and Hanes (from No. 10). Obviously, it was a shift from infants' wear—mainly diapers, etc.—back to branded product for toddlers and children this year—and department store-type brands, at that.

Of the brands that remained on the list from last year, Curity held its No. 2 spot, Garanimals climbed to No. 5 from its sixth slot last year, Spencer upped its ranking to No. 7 from 8th place last year, and Fruit of the Loom tumbled from its lofty No. 1 position last year to No. 8 this year.

Curity, even more than Lee, was mentioned more often among upscale store managers—23 percent—than by conventional store managers (7 percent). Garanimals and Spencer's, perennial favorites with the conventionals, held true to form again this year.

Of the new upscale trio, Health-Tex was the only one to get more manager mentions from upscalers (14 percent) than from conventionals (7 percent). Levi's was mentioned by 6 percent of the conventional discount store managers and 5 percent of the upscale discount store managers, while Oshkosh owes its existence on the list entirely to to the conventionals (mentions from 5 percent).

On a chain-by-chain basis, Zayre managers showed strong preferences for Lee, Spencer's, Fruit of the Loom and Wrangler, while Wal-Mart managers favored Liberty (an exclusive brand) and Garanimals. There seemed to be very little consensus among K mart managers, who showed mild enthusiasm for only one brand, Garanimals. Target managers gave high ratings to only one brand, Curity, with moderate support for Garan, Wrangler, Luvs, Gitano and Dr. Denton.

Regionally, Lee and Curity their highest percentages of manager mentions in the Northeast, and were less often mentioned by store managers in the West. No. 3 Health-Tex was very strong in the West and North Central regions, and virtually nonexistent elsewhere.

Levi's and Fruit of the Loom also had large differentials, doing far better in the West than they did elsewhere. Garanimals and Oshkosh received their highest number of manager mentions in the North Central region.

Both Lee and Curity were favorites, relatively speaking, of managers of larger and medium-sized stores, as was Fruit of the Loom, while managers of smaller stores tended to favor Liberty, Levi's and Health-Tex.

Managers felt that brand recognition was the single most important component of a brand's success in children's apparel. Overall, 37 percent cited brand recognition as a key, compared to 28 percent identifying low or "good" prices, 26 percent naming advertising and 25 percent naming product performance as key attributes.

Target managers were overwhelmingly concerned with brand recognition and advertising (50 percent each), and to a lesser extent with price (40 percent). Zayre managers were most impressed with product performance, with half of those surveyed saying that performance was important to them.

Price played a major role among Wal-Mart managers, while K mart managers were most interested in advertising and product performance (33 percent each) and relatively unimpressed with brand recognition (17 percent).

Overall, managers were less concerned with advertising in children's apparel than they were in other departments, but far more conscious of price and brand recognition than was the case in most departments.

Specific brand comments by managers varied widely. For instance, Garanimals products were cited for their "colors and style" and their "highly identifiable" brand recognition, while Health-Tex tended to gain support for its "quality" and price. Managers liked just about everything about Lee, noting that it was "a famous name brand," had heavy advertising, and has "continuous quality."

Wal-Mart managers reported that Liberty, which they alone among discounters sell, is "a pretty close copy to other brands" and was a "comparable value compared to Oshkosh."

Fruit of the Loom was popular because of its advertising and because of its brand recognition factor, while Curity was cited for its prices.

Top Brands Vary by Type of Outlet

	All Discounters		Conventional Discounters		Upscale Discounters	
Brand	1988	1987	1988	1987	1988	1987
Lee	12%	14%	10%	9%	21%	25%
Curity	10	14	7	8	23	32
Health-Tex	8	5	7	5	14	3
Liberty	8	—	10	—	—	—
Garanimals	6	11	7	12	2	9
Levi's	6	—	6	—	5	—
Spencer's	5	6	6	7	—	4
Fruit of the Loom	5	16	4	14	7	20
Oshkosh	4	4	5	5	—	1
Garan	4	4	3	2	4	7

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Lee	—	3%	24%	9%
Curity	5%	3	9	21
Health-Tex	5	—	—	6
Liberty	—	63	—	—
Garanimals	9	15	3	6

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Lee	23%	13%	12%	—
Curity	12	13	8	4%
Health-Tex	5	—	16	15
Liberty	3	16	5	—
Garanimals	4	6	12	—
Levi's	3	5	3	13
Spencer's	4	5	6	4
Fruit of the Loom	11	3	2	9
Oshkosh	5	1	10	—
Garan	6	3	4	2

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Advertising Named as Key to Brand Success

Nationwide DSN Report

The top four cosmetic brands maintained their ratings this year among discount store managers in *DSN*'s annual Top Brands Survey. Manufacturer advertising was the attribute cited most often by managers as the reason for mentioning a brand as a top performer in the cosmetics department.

Discounters asked to name their best selling cosmetic brands cited Maybelline, Cover Girl, Revlon and Max Factor as their top choices for the fifth year in a row.

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Maybelline	84%	75%	73%	59%
Cover Girl	42	45	61	59
Revlon	14	33	33	44
Max Factor	9	3	6	12
Noxell	27	3	—	6

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

However, reflecting the overall survey trend, all four brands received slightly fewer mentions from store managers than they did last year. Maybelline, No. 1 with 70 percent of all managers mentioning the brand, fell 7 percentage points; No. 2 Cover Girl, mentioned by 44 percent of all managers this year, dropped 4 points; No. 3 Revlon (31 percent this year) and No. 4 Max Factor (mentioned by 12 percent) each lost 11 percentage points.

The next three brands—Noxell, L'Oreal and Clairol—also held their past positions and were relatively steady with 9 percent, 7 percent and 4 percent, respectively, of the discounters citing the three as among their top performing brands. The remainder of the top 10 turned over.

In the current survey, Aziza moved up to the No. 8 slot from 9th last year and Almay held onto a piece of its 10th place finish, with new entries Sally Hansen (No. 9) and Hazel Bishop (tied for 10th) rounding out the top 10. Cutex, No. 8 last year, fell off the top 10 list.

Regionally, Maybelline was an easy favorite throughout the country, but Cover Girl, which was very popular in the South, and Revlon and Max Factor, showing significant strength in the Northeast and West, were less consistent.

Individual rankings among the nation's major discounters, however, showed some brands are thought of more highly at some chains than at others. Although Maybelline was the overall favorite, managers at conventional discounters like K mart, Wal-Mart and Zayre mentioned the brand much more often than did upscalers like Target.

Reflecting their different approaches to merchandising, Target and K mart were at opposite ends in their view of Maybelline. While K mart managers mentioned the brand most often as among its top performing brands in the department—and gave it the highest rating of all the individual chains surveyed with 84 percent of manager mentions—only 59 percent of Target managers mentioned Maybelline, tied for the No. 1 slot at the chain with Cover Girl. Only 57 percent of managers of upscaler discount stores, excluding Target, mentioned Maybelline.

Among the leading chains, Cover Girl was consistently No. 2 (except where it tied for first at Target), and the brand got its best score from Zayre (61 percent) and its lowest from K mart (42 percent).

While Wal-Mart, Zayre and Target all ranked Revlon third, K mart actually had the brand fourth, behind Noxell. Revlon did best at upscalers other than Target, with a 90 percent mention rate.

After the top three, responses from individual discounters were somewhat disparate. K mart placed Revlon and Max Factor in the No. 4 and No. 5 slots; Wal-Mart picked L'Oreal and Aziza; Zayre chose Hazel Bishop and L'Oreal, and Target named L'Oreal and Max Factor.

Overall, managers said that advertising was a key to their choices in cosmetics (45 percent felt that was important, compared to only 33 percent average for all departments in the store), but brand recognition (28 percent of managers) and product presentation (15 percent against an average of 7 percent for the entire store), and to a lesser extent, low prices (23 percent), were also judged as key.

Other factors, such as a large and varied line, promotions and sales volume, were not valued as highly.

While advertising was the No. 1 reason for a brand's success at both conventional discounters and upscalers, the latter category rated advertising much higher, 57 percent to 43 percent. Both discount segments, at roughly 37 percent, felt a manufacturer's advertising was important, but upscalers stressed their own advertising as well.

Brand recognition, with an overall 28 percent of managers citing that attribute, also was rated higher at image-conscious upscale chains, 41 percent to 25 percent.

Wal-Mart managers felt that price was the most important consideration (39 percent), followed by advertising (35 percent), brand recognition (30 percent) and product presentation (19 percent). Product performance (13 percent) was not so important to Wal-Mart managers.

Maybelline
ybelline
er Girl

In cosmetics, Maybelline was mentioned the most often by all store managers as a top performer. However, more conventional discounters gave it a top rating than did upscale chains. (DSN photo)

Zayre managers were very high on advertising (44 percent) and product performance (25 percent), but less concerned with brand recognition (19 percent) and product presentation (13 percent).

K mart managers didn't seem to feel strongly that any one quality was important in their choice of a top brand in cosmetics. Their main consideration (mentioned by just under 40 percent) seemed to be price, and they were less likely than average to cite advertising and product performance as important qualities.

Target managers preferred advertising (mentioned by 40 percent), brand recognition (33 percent) and presentation (20 percent), while valuing price very little (7 percent).

Not surprisingly, conventional discounters found low prices a more significant factor in a cosmetic brand's success than did upscalers, 26 percent to 6 percent, but that they also stressed product performance more (22 percent compared to 10 percent by upscale discount store managers) is a bit surprising.

However, upscalers were more sold on the significance of a brand's large and varied line (13 percent to 9 percent), product presentation (19 percent to 14 percent) and brand recognition (41 percent to 25 percent).

Individually, the top three brands received separate gauges to determine their overriding success. For Maybelline, the key was advertising—especially by the manufacturer—followed by product performance, brand recognition and low prices.

Cover Girl's brand success was first attributable to product performance, then low prices, followed by brand recognition and advertising.

For Revlon, the key was overwhelmingly advertising, then product performance, brand recognition and low prices.

Top Brands Vary by Type of Outlet

	All Discounters		Conventional Discounters		Upscale Discounters	
Brand	**1988**	**1987**	**1988**	**1987**	**1988**	**1987**
Maybelline	70%	77%	73%	77%	57%	77%
Cover Girl	44	48	44	49	46	45
Revlon	31	42	22	29	76	76
Max Factor	12	23	9	18	23	36
Noxell	9	10	10	12	2	3
L'Oreal	7	7	6	6	14	10
Clairol	4	7	4	8	4	4
Aziza	4	4	2	2	12	8
Sally Hansen	3	2	3	2	1	—
Hazel Bishop	2	2	3	3	—	—
Almay	2	3	1	—	8	10

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Maybelline	57%	72%	72%	70%
Cover Girl	37	50	42	44
Revlon	54	21	25	45
Max Factor	14	9	11	15
Noxell	—	11	10	9
L'Oreal	7	8	10	2
Clairol	5	2	8	2
Aziza	5	2	4	6
Sally Hansen	—	3	3	4
Hazel Bishop	1	5	1	—
Almay	4	2	2	2

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

FM

FOOD MERCHANDISING
FOR NON-FOOD RETAILERS

Fall 1988

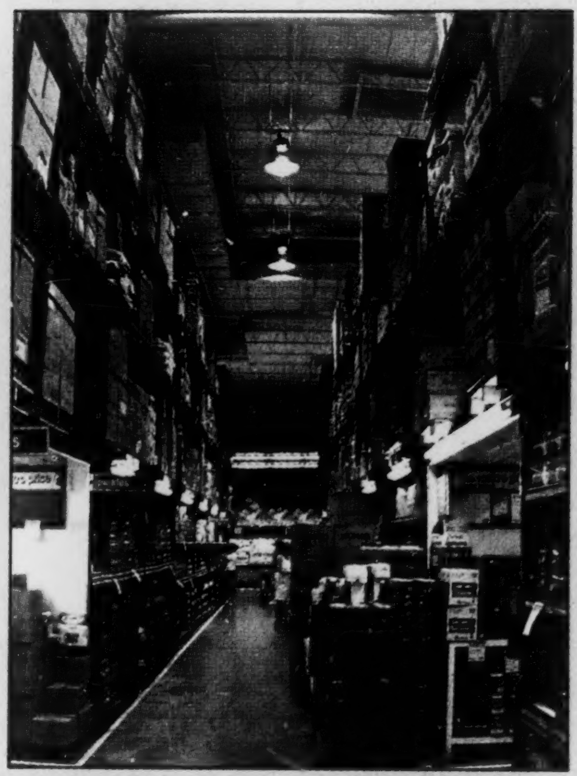
Profile; Pet Care Sales-Page 37

First Annual Non-Food Retail Grocery:

Quantifying How Non-Food Treats Groceries;
Average margins, turns, % of total store sales,
etc., for snacks, pet foods, household cleaners & beverages

Features

FM Special Report: How Retailers Handle Groceries in Non Food Stores



Special industry survey pinpoints how many chains carry grocery items like packaged groceries, candies, snacks, cleaners, pet foods and beverages and why chains stock them. Also, we have exclusive data on how much space each grocery category gets in the average nonfood store as well as each segment's average margins and average turns.

Alcoholic Beverages: Coolers and California Wines Stand Out in Flat Category

307422
AMORE' PINK
CHAMPAGNE 750ML
$2.29

Growth segments in the alcohol category, plus the strategies drug and discount chains are using to merchandise alcohol today.

Pet Care: Non Food Chains Have a New, More Aggressive Approach to Pet Care Sales

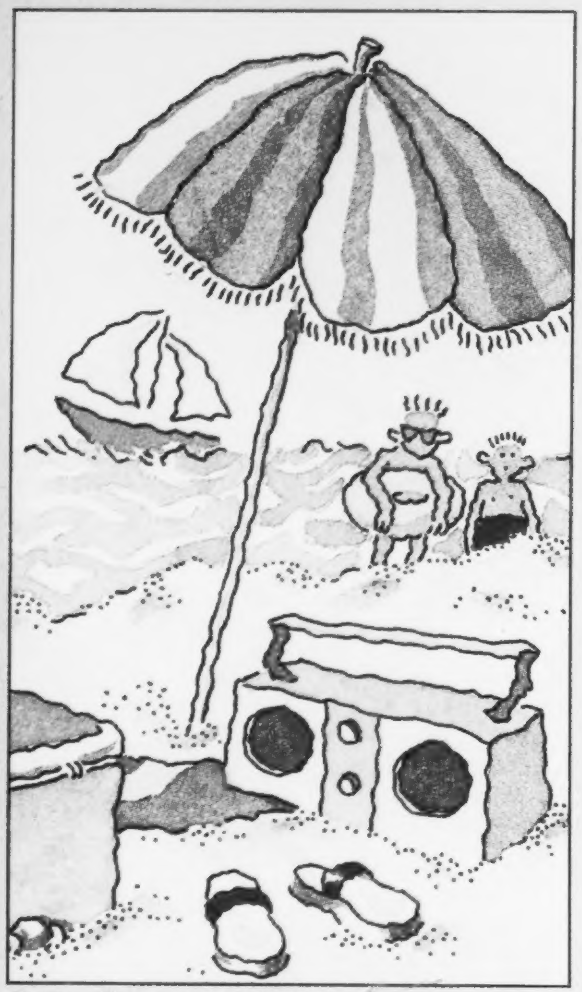
More chains today are putting in or expanding their pet care departments. Buyers say the addition of pet foods to their stores attracts more traffic to their high margin pet accessory departments.

Departments

Food For Thought

Last summer's dog days made beverages this year's hottest grocery category.

Sami: Category Seasonality Report



Best selling categories of summer

Food Merchandising for Non Food Retailers

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Long Hot Summer Sparks Beverage Sales In Non Food Store: Gatorade was "Outstanding"

Elizabeth Parks

It's been a long hot summer, and in some chains, sales suffered because people didn't want to stir, let alone shop.

But at least nonfood retailers report there was one bright spot in the almost constant 90 degree weather: beverages.

According to most buyers for nonfood chains, all beverages did well this past season, but some beverages, in the words of many buyers, were "outstanding."

Just about every buyer Fm talked to in August reported that their sales of Gatorade were "phenomenal" this past season.

Buyers say all their flavors are selling well this year, but their two newest flavors, Citrus Cooler and Lemonade, are doing phenomenally well.

"Gatorade had a great year with us last year, but this year it's even stronger," said one buyer for a mid-west drug chain. "It's incredible. It seems like everyone who steps outdoors has been drinking it. It's partly because it's the only brand in its category. It has about a 98% market share, but you also can't turn on a sporting event anywhere without seeing some athlete drinking Gatorade."

A new juice/bottled water drink, Stroh's Sun Dance, also sold well this past quarter, helped by an aggressive advertising campaign from Stroh's, and by the fact that many nonfood chains jumped on Sun Dance, almost from its first launch day.

According to brokers who handle Sun Dance, Stroh's did something very unusual for a manufacturer launching a new grocery item: they introduced it to the nonfood trade at the same time they introduced it to the food trade and many nonfood chains were actually quicker than the food chains to promote and feature Sun Dance.

According to the sales reps who sell Sun Dance into the stores, about 25% to 30% of Sun Dance's volume right now is coming through the nonfood trade.

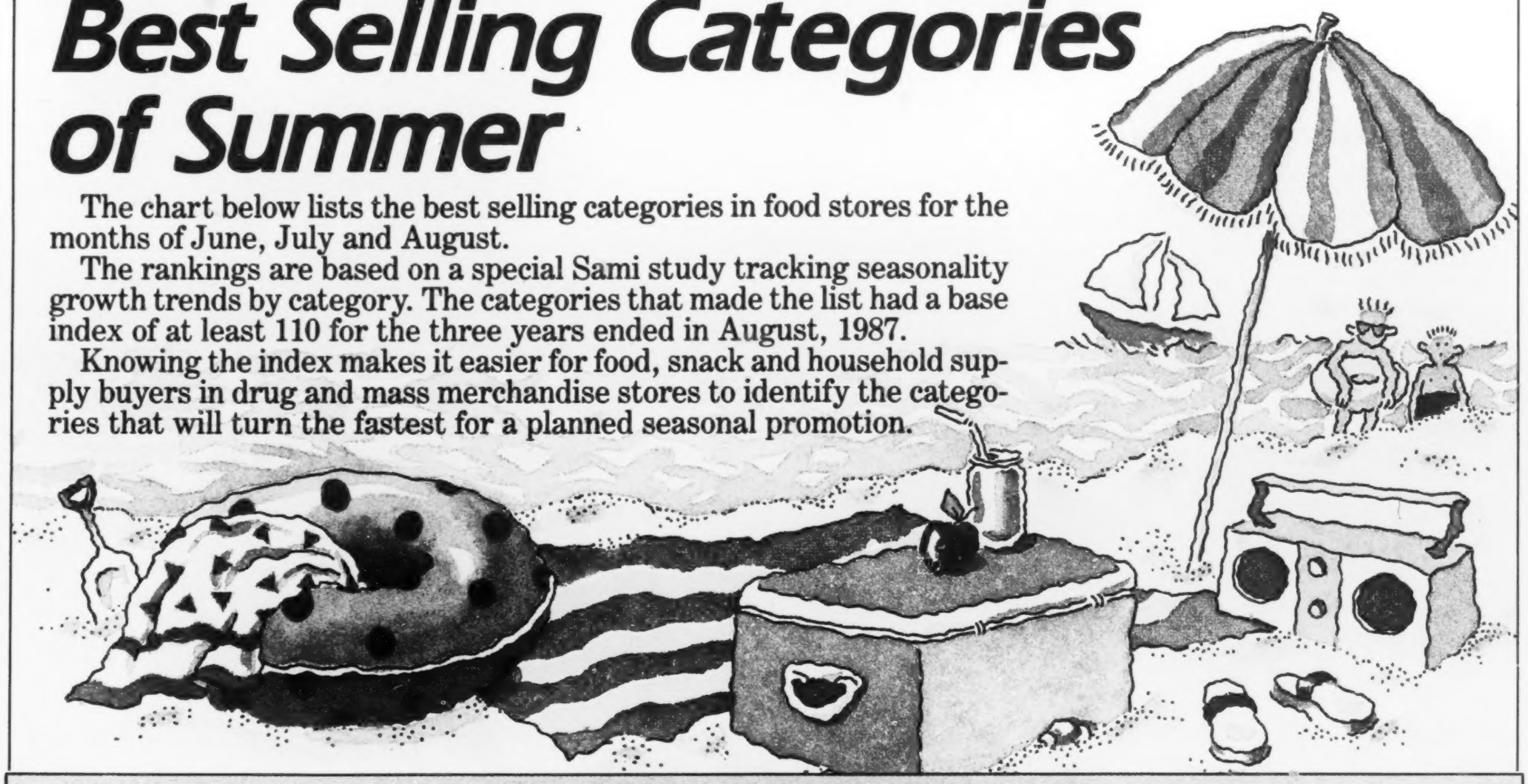
Nonfood chains usually like to work on ads six to eight months down the line, but sources say that Wal-Mart took two weeks from the time their buyers first saw the Sun Dance presentation to the time they ordered the item.

"Their management saw the advertising Stroh's was putting behind it. They liked the uniqueness of the product, and they just turned on a dime. They dropped other items they had planned to promote and they just made space for it. It's been one of their hottest items this year," said a well placed source.

In Washington, D.C., the People's operated chain of Bud's Discount Drug stores had a mid-summer massive display of Sun Dance in the back of their stores next to Coke and Pepsi.

At a time when the food chains were primarily selling the beverage at a full mark-up with retails averaging about $2.99, Bud's set up bulk displays and promoted the item at $1.99. One store actually had 100 cases on display one week-end.

Best Selling Categories of Summer



The chart below lists the best selling categories in food stores for the months of June, July and August.

The rankings are based on a special Sami study tracking seasonality growth trends by category. The categories that made the list had a base index of at least 110 for the three years ended in August, 1987.

Knowing the index makes it easier for food, snack and household supply buyers in drug and mass merchandise stores to identify the categories that will turn the fastest for a planned seasonal promotion.

Foods and Groceries: Best Sellers of Summer

(Average three year index ranking)

June		July		August	
Foods	**Index Ranking**	**Foods**	**Index Ranking**	**Foods**	**Index Ranking**
Fruit Pectin	260	Fruit Pectin	268	Freezer bars	185
Freezer bars	231	Freezer bars	227	Vinegar/cooking wines	169
Barbecue sauce	152	Vinegar/cooking wines	162	Fruit Pectin	164
Canned prepared salads	149	Canned prepared salads	153	Iced tea mix/liquids	141
Iced tea mix/liquids	144	Iced tea mix & liquids	152	Soft drink mixes	122
Relishes	143	Barbecue sauce	148	Reg soft drinks	122
Pork & Beans	135	Relishes	145	Bottled water	122
Instant tea	127	Beans/Pork & Beans	136	Lemon/lime juices	117
Soft drink mixes	126	Soft drink mixes	135	Instant tea	116
Reg soft drinks	121	Reg soft drinks	131	Baking powder/soda	116
Mustard	120	Instant tea	126	Potatoe chips	115
Lo-cal salad dressing	119	Lemon/lime juices	123	Lo-cal soft drinks	115
Pourable salad dressings	119	Mustard	121	Granulated sugar	115
Meat sauce	118	Canned shrimp	121	Canned salads	113
Lemon/lime juices	118	Potatoe chips	121	Canned tuna	112
Juices/Juice Concentrates	118	Cocktail mixes, dry & bottled	121	Cocktail mixes, dry & bottled	112
Canned meat spreads	118	Spoonable salad dressings	118	Packaged gum	111
Canned sausages/franks	118	Pourable salad dressings	118	Packaged tea	111
MSG/Meat Tenderizers	118	Meat sauce	118		
Nonfoods					
Insect repellents	258	Insect repellents	249	Insect repellents	160
Charcoal	202	Charcoal	201	Charcoal	132
Charcoal lighter	184	Charcoal lighter	183	Insecticides	130
Insecticides	140	Insecticides	138	Soil/stain removers	124
Car care products	135	Plastic flatware	136	Charcoal lighter	120
Plastic flatware	131	Car care products	135	Food storage bags	120
Paper/plastic plates	122	Paper/plastic plates	127	Car care products	118
Paper/plastic cups	118	Soil/stain removers	124	Bleach	116
Soil/stain removers	118	Paper/plastic plates	123	Upholstery cleaners	115
Bleach	113	Disinfectants	113	Rug cleaners	114
Window cleaners	112	Bleach	113	Mildew removers	112
Soaps-hand & bath	112	Tampons	113	Window cleaners	110

Source: Sami Seasonality Report

FM Special Report:
How Nonfood Chains Market Groceries

What's New In Grocery Merchandising

The search is on for more exciting new products. Nonfood chains are becoming more willing to take chances on new items, and buyers say one benefit is they can usually take longer margins.

Buyers are looking to expand their grocery assortments. They want more variety and new items.

Nonfood chains seem to be getting more daring with the types of groceries they're willing to promote, and sources are also reporting they have less of an inclination to low ball groceries or to advertise at cost.

Many buyers tell Fm that they are asking their brokers and venders for earlier information on upcoming new products.

The food buyer for a mid-west drug chain said she doesn't want to wait two years to promote something "new and hot that the grocery chains have introduced."

"It used to be," she said, "that I'd want to be 100% sure of an item's tonnage potential before I'd promote it. That meant I'd go with proven winners like a Star Kist Tuna or a Smuckers grape jelly.

"But now we've had a lot of success with food and I'd like to be quicker to offer my customers some of the hot new things, like a Sundance or an asceptic pack at a good price.

"As long as the manufacturer is going to support their brand with major advertising, I know it will sell, and I'd like to have a chance to feature some new things if I could just hear about them early enough."

How Grocery Sales Break Out

	Drug	Discount
Segment	(% of total company sales)	
Cleaners & other non-edible groceries	8.5%	11.5%
Edible packaged groceries (excluding candies & snacks)	7.6	10.3
Candies & snacks	10.9	6.6

Source: Lebhar Friedman Research

Trend is to low ball groceries as little as possible

Many buyers also say they don't have to be as competitive with some of the new items because the food chains haven't started to low ball it yet. As one source puts it, "that gives us a chance to offer the consumer something very attractive at a good price, but at a price where we can still make money. On some of the new items I've looked at, I can make 20% to 25% when I advertise it from a deal."

Buyers say it still depends on

Most nonfood chains try to stock brand names in their grocery departments. Buyers say they need to stock the items that people want.

How Groceries Perform in the Nonfood World				
Grocery segment	Everyday Margins Drug	Everyday Margins Discount	Annual Turns Drug	Annual Turns Discount
Candy/gum	26.7%	23.0%	17.0	17.0
Paper Products (facial tissues, etc.)	17.6	15.1	15.7	17.5
Household cleaning supplies	19.2	15.3	9.1	16.5
Chips/snacks	25.1	20.0	16.6	23.6
Non-alcoholic beverages	20.9	14.9	15.7	27.1
Pet foods & accessories	25.1	23.5	6.4	18.3
Packaged/canned dry groceries	22.0	19.7	7.1	23.1
Beer/wine other alcoholic beverages	24.0	13.5	7.3	21.3

Source: Lebhar Friedman Research

the region, but whenever possible they are trying to take longer margins on foods and non-edible groceries.

"If I'm in a very competitive market and I have to worry about building volume for my stores, then I'll go out at cost on the high consumption grocery categories," said a buyer for a major discount chain.

A Zayre's manager said that their philosophy is to go out at cost "only when you have to, only when you really want to make a statement and you are advertising a very competitive item like soft drinks."

But he added that he felt consumers don't mind paying another ten cents or so for the convenience of making the purchase "while they're in my store. People ask us for soft drinks," he said, "they ask for juices, they ask about cleaners and pet foods and groceries. If they pay 10 or 20 cents more, they don't seem to mind because of the convenience. However if we were 30 or 40 cents higher than food stores, I think it'd hurt us. We'd lose the sale and we'd get a bad image. So the trick is to make money but don't be perceived as high priced."

Buyers are searching out hot new winners

This year buyers say their brokers are introducing them to more new products earlier in the cycle, sometimes even before the brand has had a chance to take off in food stores.

How Drugstores Compare to Discount Stores On Food Merchandising		
Grocery segment	% of nonfood retailers carrying lines· Drug Everyday	% of nonfood retailers carrying lines· Discount Everyday
Candy/gum	93%	100%
Paper Product (facial & toilet tissues, etc.)	90	100
Household cleaning supplies	93	97
Chips/snacks	83	97
Non-alcoholic beverages	70	87
Pet foods & accessories	67	87
Packaged & canned dry groceries	37	50
Beer, wine and/or other alcoholic beverages	47	27

Source: Lebhar Friedman Research

Venture was buying Sundance on promotion just as it was starting to sweep the nation back in the spring of this year, and many of the wholesale clubs like Sam's and Price Saver had it even earlier.

A source for Wal-Mart says that when they hear about a new product from a vendor or broker, they go into the food stores to see how the food chains are treating the brand or the category.

Deep discount drug stores promote groceries aggressively. Displays are massive and designed to generate impulse sales.

If the food chains are giving it a lot of floor space and if the manufacturer is supporting it, the source said their tendency is to buy it in conservative quantities and see how it sells.

If it sells well, the buyers reorder while it's still on deal, and if it really sells well, then it goes into the planogram for everyday merchandising.

Many of the nonfood chains are taking this approach with the microwave category. Some sources even say nonfood chains do a better job with microwavable foods than food chains do.

All the major nonfood chains have had great success with microwave popcorn and with the Pillsbury microwavable cake mixes. Now many are starting to promote a cold pack microwavable cheese food made by the Kaukana Co. in Wisconsin.

Drug Emporium and Gibson stores have tried it and sources report good sell throughs. The item comes in a shelf stable cup and it has an everyday retail of between $1.79 and $1.99.

Other buyers are taking about testing a new microwavable toaster pastry that Mericco Co., a division of Anheiser Busch, had developed.

Several sources are also talking to Safeway foods about merchandising some of their private label brands including the Busy Baker which one source says has a very strong following in certain regional markets.

% of Print Advertising Budget Spent on Grocery Product Ads

Grocery segment	Drug	Discount
Candy/gum	3.7%	2.3%
Paper Products (facial tissues, etc.)	5.2	5.1
Household cleaning supplies	3.3	5.1
Chips/snacks	4.4	2.4
Non-alcoholic beverages	5.7	4.8
Pet foods & accessories	1.9	3.2
Packaged/ canned dry groceries	1.5	13.0
Beer/wine other alcoholic beverages	7.6	2.5

Source: Lebhar Friedman Research

How Space Is Allotted Everyday Groceries
(% of department space allocated in average store)

Grocery segment	Drug	Discount
Candy/gum	6.7%	4.2%
Paper Products (facial tissues, etc.)	7.0	4.8
Household cleaning supplies	5.7	6.5
Chips/snacks	5.1	4.9
Non-alcoholic beverages	5.4	5.5
Pet foods & accessories	4.1	6.3
Packaged/canned dry groceries	7.2	5.7
Beer/wine other alcoholic beverages	11.6	4.2

Source: Lebhar Friedman Research

Wal-Mart earlier this year was very successful with the Eight O'Clock A&P private label. They didn't advertise it often, but they kept the single serve pacquettes in their sidekick merchandising program for months, and managers say sales were excellent.

Buyers and brokers also say they expect to do very well with a new snack pack that Smuckers is bringing out. The pack contains preserves plus crackers and several brokers say it is a "natural for the nonfood trade."

"It's a great snacking item. It's convenient. It's a good brand name, and there's nothing else like it out there right now. It should go over very well," said one discount chain food buyer.

Also buyers say they are very excited about Quaker's new asceptic pack for Gatorade and Motts new multi-fruit flavored applesauce six pack.

At press time, Target, K mart and Wal-Mart were all reviewing these lines, and several sources said they expected to promote them "as soon as possible."

"I'm also looking for a new type of snack to promote," said one buyer, "and these kinds of things are perfect. They're appealing to consumers. They're quality brands and until the food stores start going crazy with them, I can advertise them and make about a 20% margin. Everyday, I can sell them and take about a 30% margin.

"I can always get turns with snacks, but with these kinds of items, I can make money too."

Many warehouse club stores sell beer, wine and alcohol. Buyers say the category presents "opportunities."

Liquor Sales Continue Flat

Coolers are still experiencing moderate growth, but beer, wine and hard liquor, in both sales and consumption, are all flat or down. Consumers, in a moderate mood, are seeking healthier beverages.

Alcoholic beverage sales remained slow in 1988. Wine and the darker liquors like scotch, bourbon and rye continued to experience consumption declines and flat sales.

White spirits enjoyed somewhat better growth, but nothing that can be described as dramatic.

According to buyers and industry experts, diet or health positioned drinks including light beverages were still in this year, and flavors such as peach, raspberry and coconut, were still popular.

But generally in 1987 and continuing through 1988, the story is that individual brands managed to generate growth, but, with a few exceptions, most categories did not.

Beer Tonnage Sales Trends (millions of 31 gallon barrels)

Segment	1986	1987	% chng
Premium	43.0	41.5	(3.4%)
Light	22.1	24.0	8.6%
Popular	24.0	23.7	(1.3%)
Imported	4.7	5.1	8.5%
Super Premiums	2.9	3.2	10.3%
Malt liquors	2.8	3.0	(6.7%)

Source: Beverage Industry Magazine

According to Impact, one of the beverage industry's leading publications, alcoholic beverages, in 1987, lagged behind other beverage segments in total dollar growth.

Impact says in 1987, alcoholic beverages posted a modest 1.5% increase in retail sales to $54.9 billion. In 1987, Impact reports that sales for the total beverage industry were up 2.3% to $125.4 billion.

Impact also reports that alcohol's share of total beverage sales is also dramatically down. In 1975, alcoholic beverages had a 50% share of sales. Last year, Impact says their share was just 43.8%.

In 1987, beer posted a modest 1.8% gain to $30.2 billion at retail. Wine was flat with $7.2 billion in sales. Spirits were also flat with $15.7 billion in sales.

Retail sales for coolers, however, soared 19.2% to $1.8 billion. The only other beverage category to experience such strong growth was bottled water, up 12.5% to $900 million in retail sales.

Impact records that alcoholic

beverages are continuing to decline in popularity. Total alcoholic beverages rang up a 43.8% share of retail sales in 1987. But, in contrast, they commanded a 54% share in 1970, and they had a 44.1% share in 1986.

Beer continues to be the dominant alcoholic beverage of choice for most Americans. Beer had a 24.1% share of retail sales in 1987, compared to 24.2% in '86 and 23.5% in 1970.

Wine had a 5.7% share last year, down 0.2 points from 1986 and up from 5.1% in 1970. Spirit had a 12.5% share last year, down 0.3 points from 1986 and down from a high of 25.1% in 1970.

Coolers, which had less than a 0.05% share in 1980, had a 1.4% share in 1987, up 0.2 points from 1986.

U.S. Alcohol Beverage Consumption: Share of Total Market

Category	1970	1986	1987
Beer	85.3%	84.9%	85.0%
Wine	6.0	6.8	6.7
Distilled Spirits	8.7	5.8	5.7
All Coolers	n.a.	2.4	2.5
All Alcoholic Beverages	100%	100%	100%

Source: Impact Databank

1987 Comparison of Alcoholic Beverages by Category (gallons vs. retail sales)

	Gallons	Retail Sales
Coolers	2.5%	3.3%
Distilled Spirits	5.7	28.6
Wine	6.7	13.1
Beer	85.0	55.0

Source: Impact Databank

In 1987, only one segment of the alcoholic beverage category, coolers, turned in any significant consumption gains.

Before the start of this decade, Impact reports that alcoholic beverages had consistently outperformed the beverage market as a whole on consumption growth.

But since 1980 on, the "national mood of moderation," coupled with legislation raising state drinking ages and imposing new taxes and stiffer laws against drunk driving, have "hobbled" the growth of alcoholic beverages with the one exception of coolers.

Impact says that in 1987, alcoholic beverage consumption was down 0.2% in 1987 to just 6.8 billion gallons consumed, and their share of beverage volume was also down 0.2 points to 15%.

Impact also records that three of the four alcoholic beverage categories they track turned in consumption losses last year. Beer was down 0.1%, wine was down 1.8% and distilled spirits were down 1.9%.

Coolers did continue to grow, up 6.1% to 173 million gallons. But even in this segment, the picture was not as bright as retailers and manufacturers would like it to be.

Most sources agreed that the 6% growth was good in a down category, but it's also obvious that coolers are reaching their maturity or saturation point. In 1986, for example, consumption for the category was up a whopping 66.3%. It's fairly clear the coolers will not be attracting many more new users. The category's reached its maturity.

1987 Comparison of Alcoholic Vs. Non Alcoholic Beverages (gallons vs. retail sales)

	Gallons	Retail Sales
Alcohol	19.3%	43.8%
Non Alcohol	80.7	56.2

Source: Impact Databank

U.S. Beverage Consumption Trends
(millions of gallons)

Category	1986	1987	% change	Average Annual Compound Growth Rate 1980-'85
Beer	5,794	5,788	(0.1%)	0.5%
Wine	466	457	(1.8)	0.6
Distilled Spirits	398	390	(1.9)	(1.2)
All Coolers	163	173	6.1	n.a.
All Alcoholic Beverages	6,821	6,808	(0.2)	0.7
Soft Drinks	11,640	12,060	3.6	3.9
Coffee	5,700	5,755	1.0	(0.1)
Milk	5,057	5,071	0.3	0.2
Fruit Juice/Drinks	2,547	2,558	0.4	2.1
Tea	1,500	1,435	(4.3)	(0.6)
All Water	11,180	11,175	0	(0.1)
Other +	545	550	0.9	0.6
All Non-Alcoholic Beverages	38,169	38,604	1.1	1.2
All Beverage Consumption	44,990	45,412	0.9	1.1

+ Includes powdered beverages, non alcoholic cocktail mixes, cocoa/chocolate beverages, etc.

Source: Impact Databank

Bright Spot in Beverage Consumption

Impact magazine, a leading beverage industry publication, believes that total per capita beverage consumption is destined to rise over time.

Impact bases its theory partly on the fact that The Physician's Handbook has reported that daily liquid consumption increases as people grow older.

The Physician's Handbook reports that infants require 11 to 33 liquid ounces daily; children require 33 to 60 ounces daily, and adults require 60 to 83 ounces daily.

Impact says the fact that the U.S. adult population is growing, combined with the availability of a much broader selection of beverages and with increased purchasing power, should promote total per-capita consumption growth.

Liquor buyers say moderately priced California wines are among this year's best sellers.

Coolers and California Wines Are '88's Best Sellers

Retailers report their best liquor sellers are coolers, California wines and light and imported beers Buyers say coolers are the "brightest spot" this year in the liquor category, and they say the best promotions feature "price and assortment"

U.S. Alcohol Beverage Consumption Trends (gallons per person)

Category	1986	1987	% change	Average Annual Compound Growth Rate 1980-'85
Beer	24.03	23.78	(1.0%)	(0.5%)
Wine	1.93	1.88	(2.9)	(0.4)
Distilled Spirits	1.65	1.60	(2.9)	(2.2)
All Coolers	0.68	0.71	5.1	0.05
All Alcoholic Beverages	28.29	27.97	(1.1)	(0.3)

Source: Impact Databank

Except for coolers, the liquor category is virtually flat in today's market place. Retailers who do stock liquor report there are no bright spots in the category right now.

Most say coolers are continuing to sell well, although no one is seeing anything like the growth surges of 1985 and 1986. Most sources say the fruit flavored wines and coolers are selling the best, and a few sources are seeing a surge of sales in the premium or better California wines, especially for chardonnays, white zins, and cabernets.

Jug wines are also selling well, although no one reports any dramatic growth, just "a good steady business."

Imported and light beers are still doing well, but the growth of the Mexican beers is starting to peak in some markets.

This year, buyers say their strongest merchandising tool is price. Buyers say they are careful to buy at the lowest possible acquisition costs, because their sell throughs depend on the value they can offer the consumer.

Few chains report that they are expanding space for liquor in 1988, and most say they are continuing to carry a good assortment "to give shoppers a good selection" and they're continuing to advertise liquor to make it visible to their shoppers.

The biggest new items this year, most buyers say, are the new flavors that the cooler manufacturers are introducing. Seagrams, Bartles and James and Gallo, in particular, are introducing line extensions that most buyers say are selling well.

"The wine cooler category is certainly not as hot as it once was," says a source for a southwest-based drug chain, "but by introducing new flavors, they're helping to build the business."

Several sources report that their movement on the Bartles and James red coolers "is dead." However, B & J is extending into berries and into tropical flavors that buyers say look like they will do well.

Seagrams has about seven flavors out now, and their variety, in combination with their aggressive ads, are helping sales tremendously. Most buyers say the Seagrams coolers are among their best sellers.

Several buyers are starting to report stronger sales of their California varietals, and they say this is because many California manufacturers are starting to get behind these wines now to promote them as alternatives for German and French wines that are going up again in price.

"I think they're starting to cut into my market for German wines," said one source. "About three years ago, my customers were paying about $4 for a bottle of German or French wine. Now it's up to $7."

Buyers say the Italian wine market still belongs predominantly to Riunite, but they say Riunite's growth overall is still flat. Many buyers report that their Riunite sales are about where they were a year ago. The peach flavored Riunite is still selling well, and some sources say that is what is still keeping the brand strong.

Among the California wines, many sources say that Sebastini has had a resurgence, and is selling very well now. "For some years, it was a dead horse," said one buyer, "but now it's doing very well for me."

Sutter Home is selling well, especially its White Zinfandel. White Zins and the blush wines, in fact, are doing much better this year.

Jug wines are still selling okay, especially Gallo and Inglenook. However, retailers are trying to push their customers up to the $4 and $5 California premium wines.

Some chains are even putting in small four ft. sections for the California varietals, and buyers say they plan to advertise them more.

U.S. Beverage Retail Sales (billions of dollars)

Category	1986	1987	% change	Average Annual Compound Growth Rate 1980-'85
Beer	$ 29.7	$ 30.2	1.8%	6.6%
Wine	7.2	7.2	0	3.4
Distilled Spirits	15.7	15.7	0	2.4
All Coolers	1.5	1.8	19.2	n.a.
All Alcoholic Beverages	54.1	54.9	1.5	5.3
Soft Drinks	36.7	38.7	5.6	9.5
Coffee	6.0	5.3	(11.5)	(1.5)
Milk	11.5	11.8	2.0	2.6
Fruit Juice/Drinks	11.2	11.6	3.4	12.4
Tea	1.4	1.3	(5.4)	6.4
Bottled Water	0.8	0.9	12.5	15.0
Other +	0.9	0.9	(0.3)	4.5
All Non-Alcoholic Beverages	68.5	70.5	2.9	7.4
All Beverage Consumption	122.6	125.4	2.3	7.4

+ Includes powdered beverages, non alcoholic cocktail mixes, cocoa/chocolate beverages, etc.
Source: Impact Databank

U.S. Beverage Retail Sales: Share of Total Market

Category	1970	1986	1987
Beer	23.5%	24.2%	24.1%
Wine	5.1	5.9	5.7
Distilled Spirits	25.1	12.8	12.5
All Coolers	n.a.	1.2	1.4
All Alcoholic Beverages	54.0	44.1	43.8
Soft Drinks	17.1	29.9	30.9
Coffee	4.8	4.9	4.2
Milk	16.3	9.4	9.4
Fruit Juice/Drinks	5.9	9.1	9.2
Tea	0.8	1.1	1.0
Bottled Water	n.a.	0.7	0.7
Other +	0.5	0.7	0.7
All Non-Alcoholic Beverages	46.0	55.9	56.2
All Beverage Consumption	100%	100%	100%

+ Includes powdered beverages, non alcoholic cocktail mixes, cocoa/chocolate beverages, etc.
Addition of columns may not agree because of rounding
Source: Impact Databank

In some parts of the country, buyers report a surge in low end imports like the Yugoslavian wines, the cheaper Cote du Rhones from France and some of the low end German wines.

Several chains report success promoting these wines as "Specials from the Wines of the World." In some cases, they have advertised them for as low as three bottles for $7.

"The deal is basically put together by my wholesaler," says one source in the west. "He gets the manufacturer to come out at a good price and he'll offer me a good package of maybe one Yugoslavian wine, a German wine and a French

Imported beers and light beers stand out in a flat category. Coors, Heineken and Corona are selling well.

Outlook For Tomorrow's Alcohol Market

What will be the nation's strongest selling beverages from now through the 1990's?

In its 1988 Review and Forecast edition of Beverage Trends in America, Impact magazine signals out soft drinks, coolers and fruit juice/drinks as the growth areas for beverages from now through the year 2000.

Impact predicts that the overall beverage market will expand 1.4% a year through 1990, reaching 47.8 billion gallons in 1995 and 51.5 gallons by 2000.

By 1990, Impact expects that alcoholic beverage volume will be winnowed down to just over 6.7 billion gallons, where Impact thinks the market will remain through the year 2000 and beyond.

Their market experts feel that alcohol's share of beverage consumption will dwindle from 14.1% in 1990 to 13% in 2000.

Impact says that beer volume will probably erode at a modest but steady pace over the coming years, slipping to just over 6.7 billion gallons by 1990, and to below 5.6 billion by 2000.

Impact thinks wine will dip to about 445 gallons by 1990, but should recover to maybe 459 million gallons by 2000.

Spirit consumption will probably slide more dramatically, going down to about 385 million gallons by 1990 and to 357 million by 2000.

Coolers, which were at 187 million gallons in 1987, could climb as high as 316 million gallons by 2000. By the turn of the century, Impact thinks coolers may account for 4.3% of all alcoholic consumption. They account for 0.4% now.

wine. At $7 for three bottles, I don't make much money, but I can draw traffic and I can get more customers into the department."

In beer, the best selling brands still depend on the region of the country. In the mid-west, Mexican beers are still selling well, but in the south, some buyers report a slow down. Corona is still strong, but not as hot as it was last year at this time. Heineken is still doing well, but not spectacular. The best selling American beer is still Bud and Bud light. The light beers are still strong.

Some buyers say they would like to try the "copy cat" Mexican brands coming out as well as the newer, exotic beers like Jamaican beer, but most say they can't get the price points down low enough to make the assortments attractive in their stores or for their customer base.

"If I have to sell Jamaican beer at $21 a case, I don't want it," said one source.

In imports right now, many buyers say their fastest growing brand is Coors.

Very few chains could report any particularly strong promotions this year. Most buyers said the only thing that sells alcohol right now is price.

Brown goods are continuing to decline. The best selling brands are often dependent on regional preferences, but Jack Daniels is often named as a bestseller, so are Johnny Walker, Seagrams Vo, Crown Royal and Dewar's.

Many buyers say their small size liquors were doing the bulk of the volume this year, one source said his small sizes outside the bigger sizes "five to one," but the 1.75-oz. bottles were still popular in ads, especially for some of the bigger chains like Walgreens and K mart.

Non Foods New Approach To Pet Care

Many chains are setting up permanent pet food departments. Foods lure customers & create the environment for sales of higher margin accessories

Credit line: Photo by Ray Garland

Drug and discount chains are catering to pet lovers by adding or expanding pet care departments.

After years of promoting pet foods as a traffic builder, drug and discount chains are beginning to give the category more attention as a permanent everyday department.

- Zayre's, which is headquartered in Boston, has made pet foods a permanent department in all stores;
- Jack Eckerd is rolling out permanent departments in almost all of its drug stores;
- Rich's Department stores is putting in a permanent pet food set this year;
- K mart is testing a permanent department in about 100 stores;
- S.E. Nichols is testing the section in a handful of stores and is reportedly set to roll it out shortly;

Fay's Drug is testing a permanent set;

Caldor is poised to launch a test; and Drug Emporium is in the process of rolling out 12 to 16 ft. departments to almost all its stores, both company and franchised.

Buyers tell Fm they're attracted to pet foods because of the category's dollar volume. According to Sami, in food stores alone, pet foods generate nearly $6 billion a year in retail sales.

Many buyers also say they see a way to maximize sales in higher margin accessory departments by having pet foods in their stores as a customer draw.

A source for Zayre's said they feel they may be able to increase their high margin pet accessory sales "two or three times what they have been" by having pet foods in their stores, near accessories.

Several sources said that as a nearly $6 billion dollar category, pet foods are "big business" and that it therefore makes sense for retailers who carry other tonnage categories like candy, snacks and soft drinks to stock pet foods as well.

"A category that big is going to do well on promotion and everyday

% Pet Food Sales by Category Segment

Segment	% share of Dollar Sales
Dog Food Dry	32.0%
Dog Food Wet	16.0
Dog Food Snacks	7.0
Dog Food Semi-Moist	3.0
Cat Food Wet	21.0
Cat Food Dry	14.0
Cat Food Semi-Moist	4.0
Cat Food Snacks	0.5
Miscellaneous (bird food, gerbil & hamster food, etc.)	2.5

+Food store retail sales only, for period ended in January.
Sami Dry Grocery Food Category Trends

too," said one buyer for a major discount chain.

"Right now," said the Zayre's source, "we make about 60% average gross margins just on pet accessories. Everyday, we make between 20% and 30% on the foods, but since we put the foods in last year, our pet accessory sales have gone up over 50%.

"In the end, it could be possible that we'll triple or even quadruple our accessory business just because of the tie in to the foods."

Many of the nonfood chains are also putting the department in the back of their stores near higher margin general merchandise. Many discount stores locate the department near auto supplies and lawn and garden, while drug chains have it close to auto supplies or household gadgets and housewares.

In discount stores the average department runs from about 16 ft. to as much as 60 ft., but 20 to 40 ft. is more typical. The size depends on the store and whether or not it is in a neighborhood with what retailers call "a high pet index."

In Zayre's case, their new pet food section ranges from 20 to 40 ft. and it is partnered with a free standing floor display of Hartz pet accessories.

The department stocks most of the major brands including selections from Ralston Purina, which makes Dog Chow, Puppy Chow, Chuck Wagon, Meow Mix, Tender Vittles, Cat Chow and Kitten Chow; Star Kist, which makes 9 Lives, Quaker Oats, which makes Gravy Train and Gainesburgers, and Carnation which makes Friskies, Fancy Feast, Mighty Dog, Chefs Blend and Come & Get It, etc.

Several manufacturers whose brands are in the department say their sales are up more than 80% over last year, but that is also due to the fact that the department is new and that Zayre is getting business it never had everyday before.

The chain has always aggressively promoted pet foods, however, and they are continuing their promotions to make consumers aware that they carry the pet food lines everyday.

They also use banners over the department to catch the attention of in-store shoppers.

Caldor has not been as aggressive with pet foods, but sources for the chain said they are going to test pet foods this year, either promotionally or everyday or possibly both.

One source said they even had the planogram worked out. It will be for 8 to 12 ft. sections and it will stock about 60% cat food versus 40% dog.

Rich's has also started promoting pet foods, and the 30 store chain is going to be testing 16 ft. pet food departments starting this fall. One source said the chain will initially put the departments into about a third of its stores and if they are successful, they will roll out chainwide very quickly.

Most buyers say they think most

Pet Food: Brand Share of Dollar Sales

Brand	1984	1985	1986	1987
Ralston Purina	27.0%	26.7%	27.3%	28.7%
Friskies	11.9	12.1	12.0	12.4
Quaker Oats	7.1	7.1	13.1	11.1
Heinz	7.4	7.8	8.3	102
Kal Kan	8.7	8.4	9.3	9.4
Alpo	6.2	7.1	7.1	6.3
Gaines	6.8	6.6	*	*
All Others	24.9	24.3	23.0	22.0

*not available
Source: Maxwell Report

What's Hot In Pet Accessories

This year, discount stores are making more space for pet accessories in their aisles.

Buyers say that their pet accessory sales have been increasing at rates ranging from 20% to 50%.

Conventional pet accessories like feeding bowls, brushes, shampoos, flea powder products and toys are strong in almost all types of nonfood stores, including drug chains.

But the discount chains like K mart, Wal-Mart, Target, Venture and Gold Circle are also doing very well with larger accessory products like cat litter boxes with hoods and portable pet carriers.

According to A&B marketing, a Cleveland-based broker that sells to most of the major nonfood chains, Pet Taxis, made by Doskocil in Arlington, Tex., is still selling well in discount stores, especially the smaller sizes that retail anywhere from $10.99 on sale to about $16.99 everyday.

This year, Doskocil is introducing a new improved model in a pastel blue shade and buyers say it should be "fantastic." The price is the same but the cage now has a double locked door, and a small compartment on top for treats or medicine.

Several discount store buyers say they are also thinking of expanding their assortment of cat and dog food and water bowls. Doskocil is also coming out with the industry's first full line assortment of bowls in a variety of types, sizes and shapes, and buyers say the line, called Pet Mate, may be just what they need to round out their accessory program.

"It's the first time I'll be able to tie in litter pan purchases with a full pet bowl line," said one buyer. "It's convenient and I think it might do well in our stores."

This Christmas, many chains are also planning to advertise what A&B's Gene Ambrose called "the hottest new item in the category: mini-acquariums."

Also known as desk acquariums, the mini's come in self-contained one and two gallon sizes and buyers say they are really in demand this year.

"People are buying them as decorations for the house," said Ambrose. "You see them all over, in department stores as well as stationery stores. They're in right now."

The mini's are made by several manufacturers, but several buyers singled out a company called Hawkeye in Gardner, Kan., for making a particularly good line.

Wal-Mart now carries the mini everyday, and sources said they will probably promote them this Christmas. Fisher Big Wheel, Target, Thrift Drug and Gold Circle also have them, and some sources for these chains said they will also probably promote them for Christmas.

of their sales will be promotional at first. "We're looking to draw traffic for us, especially in the beginning," several said.

One buyer said that research shows that over half the people who shop discount stores have pets and so the category "is a natural for impulse sales."

Most sources also said they expect their volume will build slowly at first, but in a steady way. "Wal-Mart right now is getting about 20 turns a year from this category, so we think we can get our turns up to 8 or 10 a year and then maybe peak at about 15 to 17," one buyer said.

In chain drugstores, buyers are estimating they can get seven to 10 turns a year from pet food. Their departments, of course, are much smaller than the departments in discount stores, and they also generate less foot traffic.

Trends In Pet Food Sales

(Food store retail sales in millions)

Segment	1982	1987	1989	% chng. '88 vs. '87
Dog Food Dry	$1,597.9	$1,753.3	$1,742.0	(0.6%)
Dog Food Wet	814.5	827.9	850.5	2.7
Dog Food Snacks	250.6	340.0	373.5	9.8
Dog Food Semi-Moist	269.0	199.6	182.3	(8.7)
Cat Food Wet	825.9	1,119.3	1,162.3	3.8
Cat Food Dry	582.5	769.4	752.9	(2.1)
Cat Food Semi-Moist	204.0	244.8	223.0	(8.9)
Cat Food Snacks	n.a.	21.2	26.3	24.0
Miscellaneous (bird food, gerbil & hamster food, etc.)	85.5	122.7	135.5	10.0
Total	**$4,629.9**	**$5,376.9**	**$5,448.3**	**1.3%**

†Food store retail sales only, for period ended in January.

The drug chains are also a little more mixed in their reaction to pet foods. Some chains like Rite Aid have no permanent departments and seldom, if ever, promote pet foods. "Our stores are too small and there are too many problems with handling the category for us," says one source.

However other chains with small or bantam stores do have at least four ft. regular departments including CVS headquartered in Woonsocket, R.I. and Duane Reade headquarted in New York.

CVS promotes pet foods at least once a quarter and one source said their total sales from pet foods were up "30% over last year."

Duane Reade also has a four ft. set in their midtown Manhattan stores, and although Duane Reade doesn't advertise any category, their sales in this department are also up in excess of 30%, according to a source.

Duane Reade only carries cat food because their primary customer doesn't travel to the stores by car, but comes in off the street to shop for fill in items.

Jack Eckerd is also rolling out a four ft. permanent section to all its stores, and is planning some aggressive promotions to highlight the category.

One source said they were attracted to pet foods "by the size of the category" and by "its potential for impulse sales."

Fay's Drug in Liverpool, N.Y., which promotes pet foods very aggressively, is also considering a permanent department, and an 8 ft. planogram should be in test shortly, sources said.

Most drug chains only carry the 5-lb. bags of dry food as well as several brands of canned and semi moist cat and dog food. Again the mix is usually 60% cat food versus 40% dog food. Cat litter is almost always in nonfood stores, and generally most chains prefer to stock the Lowe brands, Kitty Litter and Tidy Cat 3, which dominate the litter category.

Many of the bantam drug chains tend to shy away from dry dog food promotions because of their bulk, but some sources say they are currently considering buying 4- and 8-lb. bags of dog food for "promotions."

At last one manufacturer, Quaker Oats, which makes Gravy Train and other pet food brands, is putting together some aggressive deals on these sizes, sources said.

Top 10 Gourmet Cat Food Items

(ranked by unit sales, 24 ounce equivalency)

Rank	Item
1.	9 Lives Sliced Beef/Gravy 6 oz.
2.	Fancy Feast Svry Slm 3 oz.
3.	Friskies Buffet Turkey/ Giblets 6 oz.
4.	Fancy Feast Whitefish/Tuna 3 oz.
5.	Purina 100 Tuna 6 oz.
6.	Friskies Buffet Mixed Grill 6 oz.
7.	Friskies Buffet Beef & Liver 6 oz.
8.	9 Lives Sliced Veal & Gravy 6 oz.
9.	Fancy Feast Seafood 3 oz.
10.	9 Lives Beef & Liver Platter

Source: Manufacturer Research based on Scantrack

Ralston Purina is also looking at putting together different size packs for drug and discount store retailers, including smaller bags for the drug stores and larger boxes for the discounters. Another possibility is cannister sizes for small treats.

At Carnation, their management is trying to "tailor" their promotional programs to the specific needs of individual retail chains. Earlier this year, for example, Zayre's decided to develop a program that would encourage the purchase of higher ticket cases rather than just cans of pet food. Carnation helped by developing a customized promotion that featured a generous rebate for consumers who bought either Mighty Dog or Friskies Buffet by the case rather than in pieces.

Sources say that most of the major discount chains including Wal-Mart, K mart and Target have similar types of customized promotions either under discussion or in development.

Many pet food manufacturers are also looking at shrinkwrapping canned pet foods for special promotions. Warehouse clubs have always asked for shrink wraps so they can make bulk purchases easier for their customers, but now many discount chains are asking for similar assistance.

One buyer said the ability to offer shrink wraps would give him an extra advantage over food stores because he could offer a higher savings at a greater convenience to his customers.

Drug chains, however, are not as interested in programs that feature larger size purchases because most of their stores are too small to take advantage of such opportunities. Their preference is still for promotions that feature smaller, easier to carry sizes.

One pet food buyer for a northeast based drug chain said he was attracted by the chance to feature smaller packs of dry dog food, which is the biggest segment in the category with over $1.7 billion in food store retail sales. He also said that he felt competition with food stores and with mass merchandisers would be less intense because these chains tend to favor promo-

"We can make our margins and yet still offer consumers a considerable savings on the dry foods everyday," said the source, "but we can't undercut the food stores on the canned brands and still make as much money as we like, so we just aren't going to carry the cans right now."

Drug chains today are also reacting much faster to new product introductions from the major pet food manufacturers. Longs, for example, has already featured Carnation's new Grand Gourmet in several ads, and so has Fay's and F & M.

The discount chains have traditionally been even quicker to pick up on new launches in this category. This year, both Wal-Mart and Zayre's have promoted two of Purina's newest launches, Grrravy and Hearty Chews.

Buyers say that promotions built around new items give them a chance to take a higher margin because food stores haven't gotten around yet to discounting the item. Buyers also say that with pet foods, "there is no sense having an everyday department unless you promote it aggressively and build its visibility."

Top 10 Gourmet Canned Dog Food Items

(ranked by unit sales, 24 ounce equivalency)

Rank	Item
1.	Alpo with Beef Dinner Chunks 14 oz.
2.	Kal Kan Beef Dinner Chunks 14 oz.
3.	Mighty Dog with Beef 6.5 oz.
4.	Alpo with Liver Dinner Chunks 14 oz.
5.	Mightly Dog Reg Gourmet 6.5 oz.
6.	Cycle 4 with Beef & Gravy 14 oz.
7.	Mighty Dog with Beef & Chicken 6.5 oz.
8.	Alpo Chicken Dinner 14 oz.
9.	Alpo Beef 14 oz.
10.	Cycle 2 Beef & Gravy 14 oz.

Source: Manufacturer Research Based on Scantrack

Nonfood chains think of pet care items as "convenience" categories

Nonfood chains are continuing to promote the pet food category aggressively and most are continuing to carry convenience assortments everyday to satisfy what one buyer says is "the army" of pet food lovers in the nation today.

Most buyers are continuing to support pet food, pointing out that the pet food market is very big. "So many people have pets today," says a source for Fay's Drug in New York, "that pets sometimes eat better than people."

Buyers also say they still get strong sell throughs with pet food, especially when they advertise a major brand at a hot price.

Most buyers also say they will only advertise the national brands like Alpo, Mighty Dog, Gravy Train, Gainesburgers, Puss N Boots, Purina, 9 Lives, Friskies, etc.

Discount chains, which have more space for the bulkier sizes of pet food, tend to promote the category more often than drug chains, and Wal-Mart is particularly aggressive with pet food promotions because so many of their stores are in small rural markets.

However, even in New York City, the category gets attention. Duane Reade, whose 5,000 sq. ft. stores average about $1100 a year in sales per sq. ft., almost always has some pet food on an off shelf display plus they have a modest everyday section in their small universe of stores.

"There are a lot of animal lovers in New York too," says one manager.

The warehouse clubs too are aggressive with the category, and pet food gets plenty of off shelf display in chains like Price Club, Sam's Wholesale Clubs, Makro, The Wholesale Club, etc.

Snacks for dogs are getting ad activity today, because they are an easier item to handle than the bags of dry food. Milk Bone dog biscuits is a popular feature in many chains today, including K mart. A typical ad price is $2.97 for a 4-lb. box.

Quaker Oats has a cat treat called Pounce that the company promotes once or twice a year. Longs and Thrifty have been particularly active with this item, and CVS has featured the Pounce holiday pack, a two pack stocking stuffer gift set at Christmas.

New items still don't get as much play in nonfood stores as they do in the food chains, but there are some chains that are starting to get much more active with these types of items.

Buyers say that by promoting a new item from an established manufacturer, they can attract incremental sales at an attractive margin because food chains don't usually "football" a new item in the beginning of its life cycle.

Wal-Mart and Zayre's have both promoted two of Purina's newest items: Grrravy, a dry dog food that produces a gravy when water is added to it, and Hearty Chews, a soft treat for dogs. Longs, Fedco, Venture, Fay's and F&M have all promoted Carnation's new high margin Grand Gourmet, described by one buyer as "an ultra gourmet canned dog food that looks like beef stew. Because it's expensive and positioned as a gourmet pet food, we can get a better margin from it even when we promote it," he said.

Sources from many of these chains say the promotions were successful and at least Wal-Mart and Zayre's are now adding the Purina items to their everyday department.

Bonus packs are also getting more play this year. Last March, Zayre's promoted Quaker's special 30 pack for Gravy Train. One manager says most stores sold through in less than two months.

Some chains say they are getting more aggressive with pricing in this category to compete with increased competition from wholesale clubs and deep discount drug stores as well as food chains.

However, others say they are looking for longer margins to increase their bottom line profits. There does not seem to be an overall trend in this area, however, the pricing still seems primarily determined by local competitive situations.

In this past year, the warehouse clubs have more than doubled their sales of pet foods, sources say. Today just about every major chain from Sams through Price Saver stocks pet foods everyday, and they carry everything from individual cans of cat food to cases of cat food and 50-lb. bags of dry dog food.

Top Brands
Home Products

PART I: STORE MANAGER SURVEY

Cannon Retains Crown, 5th Year Running

Top Brands Vary by Type of Outlet

Brand	All Discounters		Conventional Discounters		Upscale Discounters	
	1988	1987	1988	1987	1988	1987
Cannon	53%	55%	55%	58%	40%	45%
J.P. Stevens	18	24	17	21	21	30
Pepperell/Lady Pepperell/Westpoint	9	12	9	9	11	20
St. Mary's	9	14	6	10	22	24
Springs	7	6	8	5	1	9
Burlington	4	2	3	2	8	3
Kenney	4	4	4	5	2	—
Fieldcrest	3	3	3	3	2	4
Dan River	2	3	2	4	3	1
Graber	2	—	2	—	2	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

More than half of all store managers surveyed named Cannon as a best performing brand in the domestics department. (DSN photo)

Nationwide DSN Report

The question in the domestics area, as usual, was not *if* Cannon would finish first, but by how much. For the fifth consecutive year, the textiles giant garnered over half of total mentions from discount store managers, handily outdistancing Stevens, which finished second for the third straight year.

While Cannon's finish was slightly weaker than in previous years (53 percent vs. a previous low of 55 percent), its margin over Stevens and other competitors was greater than in any year other than 1985. Stevens' share dropped for the second consecutive year, and virtually every other top brand in the domestics department lost ground or struggled to stay even.

The exceptions were Springs, which rebounded slightly from its lower 1987 finish, gaining a single percentage point, and Burlington, which doubled its 1987 share and moved up four places in the standings. St. Mary's dropped five points from third place to fourth.

Pepperell moved up from fourth to take over third place despite losing three percentage points in overall popularity. However, this marks the third consecutive year that the company has moved up in the standings, and its acquisition of second place Stevens earlier this year will possibly result in the first real competition for Cannon since the inception of the top brands poll.

There was one newcomer to the top 10, Graber, which tied with Dan River to replace Santa Cruz. Santa Cruz barely missed the top 10, but saw its share of mentions drop from 5 percent at all discounters last year to under 1 percent this year.

Cannon was fairly popular across the board among discounters, but the brand was bolstered by support shown by Wal-Mart managers, four out of five of whom mentioned Cannon. Seven of 10 K mart managers also cited the brand. At Zayre and Target, the figures were roughly 40 percent and 30 percent, respectively.

Stevens showed its greatest strength at K mart (a little over one-quarter of managers named the brand) and Target, with far weaker showings at Wal-Mart and, particularly, Zayre. Zayre managers were as likely to name St. Mary's as Cannon, but St. Mary's support at K mart and Wal-Mart was very low.

Pepperell and its associated brands did well at Wal-Mart and Target, less well at other discounters. Burlington owed its success to upscale discounters, while Kenney did exceptionally well with Zayre managers, with hardly a mention elsewhere. Dan River also turned in a strong showing at Zayre, but was nearly shut out at other retailers.

Overall, upscalers like Target tended to favor St. Mary's, Stevens, Burlington and Pepperell while giving less-than-average support to Cannon and Springs.

Regionally, Cannon received consistent support nationally, with minor variations by region. Stevens, on the other hand, did very well among Northeastern store managers and scored lower in the West. Pepperell performed well in the Northeast and the West, while St. Mary's support was very nearly limited to the Northeast. Most other brands were ranked consistently from region to region.

Cannon was again very consistent across all store sizes, but that was not true of some other brands. Pepperell, for instance, was a favorite of managers of large stores (over 100,000 square feet), finishing second to Cannon, but did not receive as many mentions from other managers. Stevens, St. Mary's, Springs and Kenney all did well with managers of medium-size stores (60,000 square feet and up), and only Fieldcrest, which didn't rate a mention with managers of large- and medium-size stores, scored well with managers of small stores (under 60,000 square feet).

Store managers as a whole were of two minds concerning future growth potential of their domestics departments. A little over half of those responding said that they expected sales to rise, but they were evenly split over how much that gain would be—over or under 10 percent. The remainder of respondents were either unsure about prospects, or pessimistic.

Asked what qualities affected their thinking in choosing top brands, managers were slightly less influenced by advertising concerns in their domestics departments than was the case in most other departments. Only 25 percent of managers said that advertising was a significant variable in domestics, compared to an average of 33 percent in all departments.

Brand recognition, cited by 30 percent of store managers, was slightly overshadowed by price considerations (33 percent). To these store managers, low prices were slightly less significant than average, as was product presentation.

Overall, managers seemed to think that a well-known, high-quality product would sell well, with or without advertising and upscale presentation. They also valued a wide, deep product line far more than was average in other departments, 17 percent to 9 percent respectively.

However, there were distinct differences among the chains studied. Upscalers (including Target) valued advertising much more than conventional discounters. However, Target managers valued domestics advertising less than any other segment.

Among conventional discounters, Wal-Mart managers, who were relatively lukewarm on the importance of advertising in their selection of a top brand, insisted upon high levels of product performance. Over 90 percent of Wal-Mart managers felt that performance was an essential attribute of a top brand.

Target managers were unanimous in citing brand recognition as a vital characteristic of top products; Zayre managers were only half as likely to be concerned about a brand's image.

Wal-Mart managers were most concerned with the sales volume of a given brand, with about one-third of the buyers citing how well it sells as an important consideration. Wal-Mart managers were also the most likely to look at warranties and manufacturer stocking as vital characteristics.

K mart managers seemed to mix up their responses more, running at just about the overall average in the attributes they felt were important. Wal-Mart and Zayre managers, on the other hand, seemed to have three or four attributes which they felt were of great importance, and others that clearly weren't of as much importance.

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Cannon	70%	83%	42%	32%
J.P. Stevens	27	18	15	24
Pepperell/Lady Pepperell/ Westpoint	11	20	6	15
St. Marys	3	3	42	18
Springs	14	10	12	3

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Cannon	48%	52%	59%	48%
J.P. Stevens	27	18	16	13
Pepperell/Lady Pepperell/ Westpoint	12	8	8	11
St. Mary's	20	6	7	7
Springs	4	9	6	9
Burlington	5	3	3	4
Kenney	4	4	4	2
Fieldcrest	—	2	7	—
Dan River	5	—	2	4
Graber	—	2	—	4

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Tide Takes the Honors in Household Cleaners

Nationwide DSN Report

Tide laundry detergent strengthened its dominance as the top ranked household cleaner and chemical on *DSN*'s Top Brands Survey, again easily outpacing all other products in the category.

Among all chains, Tide was mentioned as a top performing brand by 48 percent of the store managers surveyed, up from 45 percent last year.

Tide also received the higher number of manager mentions by outlet type, region of the country and size of store, thus scoring an across-the-board victory.

The laundry detergent's strongest showing was at Wal-Mart and Target and at stores over 100,000 square feet in size.

Store managers reported that Tide sells well because it is a nationally advertised brand, is competitively priced, and is demanded by their consumers.

One store manager noted that Tide "has been around for a long time," which is a factor in how well it sells.

Wal-Mart and Target Picks

More than six out of 10 store managers at both Wal-Mart and Target mentioned Tide as their best performing brand in the household cleaners and chemicals category compared to five of 10 managers at Zayre and three of 10 at K mart.

Nearly seven out of 10 store managers operating discount stores of over 100,000 square feet mentioned Tide as a top performing brand, the highest evaluation of Tide's performance on the current survey.

This evaluation compares to four of 10 managers of 60,000-square-foot to 100,000-square-foot units and four out of 10 managers of stores under 60,000 square feet.

Between the two store types, conventional and upscale operators, Tide performed better at upscale discounters than it did among conventional discount stores. The brand was named by a larger percentage at Target stores than other upscale discounters.

Tide was also the dominant brand in each region of the country, with its strongest showing coming from the South. There, Tide was mentioned as a top performing brand by more than one-half of the store managers surveyed.

Tide's lowest showing came in the Northeast. Only three of 10 store managers in this region named Tide as a best performing brand and Clorox, the No. 2 finisher, was named by two out of 10 managers. That, however, was as close as it ever got, as Tide easily outdistanced Clorox in all other subcategories.

Windex and Clorox tied for the second spot on this sixth annual survey, each with 21 percent of the store managers naming the popular products as top performers in the household cleaners and chemical department.

While the tie represents an elevation in rank for Clorox over the 1987 survey—when it came in third after Windex—the percentage of managers naming each product declined this year from last year.

In the 1987 survey, Windex edged out Clorox for the No. 2 spot by two percentage points. Windex was mentioned as a top performer by 24 percent of the store managers surveyed last year, and Clorox, 22 percent.

In fourth place this year was Fantastic, which edged out Cheer laundry detergent by 0.1 percent, with 11.9 percent of store managers naming the brand, down slightly from the '87 survey. Cheer, however, was mentioned by more managers, scoring two percentage points higher than last year.

The 1988 survey represents the first time that Cheer laundry detergent broke into the top five on the Top Brands list of household cleaners and chemicals category.

Top Brands Vary by Type of Outlet

Brand	All Discounters		Conventional Discounters		Upscale Discounters	
	1988	1987	1988	1987	1988	1987
Tide	48%	45%	47%	43%	52%	51%
Windex	21	24	20	23	24	27
Clorox	21	22	19	22	30	23
Fantastic	12	12	12	12	14	14
Cheer	12	10	10	10	19	10
Lysol	11	12	11	12	11	10
Downey	9	7	7	5	20	11
Comet	9	9	9	9	5	10
Purex	8	4	9	6	—	—
Formula 409	7	8	7	11	4	3

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Tide	34%	55%	53%	37%
Windex	17	14	23	31
Clorox	24	32	11	9
Fantastic	11	13	12	11
Cheer	8	8	15	18
Lysol	9	12	9	13
Downey	16	11	6	7
Comet	8	15	2	6
Purex	9	11	4	7
Formula 409	3	2	9	15

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Lysol, which came in fifth on the 1987 survey, with 12 percent of the store managers naming it as a top performing brand, fell to sixth place on the current survey.

Dow, which tied Lysol in last year's survey, fell to 18th place this year.

Some of the factors contributing to store manager support of the top brands include: the products's brand awareness, national advertising and public awareness through years of exposure.

One store manager commented on the merits of a product's packaging, noting that "Fantastic works and has good packaging."

The list of top performing brands by outlet type and specific retailer varied dramatically throughout the survey.

Among conventional discounters, Tide led the top five list followed by Windex, Clorox, Fantastic, and Lysol.

At upscale discounters, Tide was followed by Clorox, Windex, Downey and Cheer.

At K mart, Windex was a close second to Tide, separated by fewer than five percentage points. Fantastic finished third at K mart, with just under two in 10 managers mentioning the brand, followed by Lysol in fourth and Murphy's Oil Soap in fifth place.

At Wal-Mart, slightly more than three of 10 store managers named Clorox, good for second place after Tide. It was followed by Purex, Bold laundry detergent and Cheer.

Five out of 10 Zayre store managers named Tide as a top performing brand, followed by Downey fabric softener and Wisk, tied for second place at about 20 percent. Clorox was next with almost two in 10 store managers naming the popular liquid bleach as a top performing brand. Windex window cleaner rounded out the list.

At Target, the No. 2 product on the Top Brands list was Cheer laundry detergent, which tied with Clorox. Both products were mentioned by nearly one-fourth the store managers as among their top performing brands.

Brand preference in the household cleaners and chemical category showed some definite regional differences, survey results reveal.

Tide led all other brands in each of the four regions this year, unlike 1987. However, Tide's dominance in the West was rivaled by second place Windex.

In the West, Tide was mentioned by fewer than four in 10 store managers and Windex, garnered three in 10 manager mentions. Cheer was a distant third with fewer than two in 10 store managers naming the laundry detergent as a top performer. It was followed closely by Formula 409.

In the Northeast, three in 10 store managers named Tide as a top performer followed by Clorox with two in 10 manager mentions. Wisk laundry detergent was third, with nearly as many manager mentions as Clorox, followed by Windex in fourth and Downey in fifth.

In the South, Tide's strong showing was followed by Clorox in second, with three in 10 mentions. In third place was Comet, followed by Windex and Fantastic.

North Central store managers also gave Tide high marks. Tide was mentioned as a top performer by more than half the store managers surveyed. Windex came in second with two in 10 manager mentions, followed by Cheer, Fantastic and Clorox.

Clorox's fifth place finish in the North Central region was its weakest performance.

The only other fifth place finish for Clorox was in stores of over 100,000 square feet. Among store managers operating these large stores, Clorox was mentioned as a top performing brand by only one in 10 survey respondents.

Store managers operating the large stores gave Tide a very commanding first place finish followed by Windex in second, with about half as many manager mentions. Windex was mentioned as a top performer by more than three of 10 managers surveyed compared to nearly seven of 10 manager mentions for Tide. Downey came in third, followed by Clorox and Cheer.

The list of top performing brands in stores of between 60,000 square feet and 100,000 square feet was headed by Tide with more than four in 10 manager mentions followed by Clorox, with two in 10 manager mentions, Downey, Fantastic and Wisk.

At stores of under 60,000 square feet, 21 percent of the store managers surveyed named Clorox as a top performing brand, making it the No. 2 finisher on the list. In third place was Windex, followed by Cheer and Lysol.

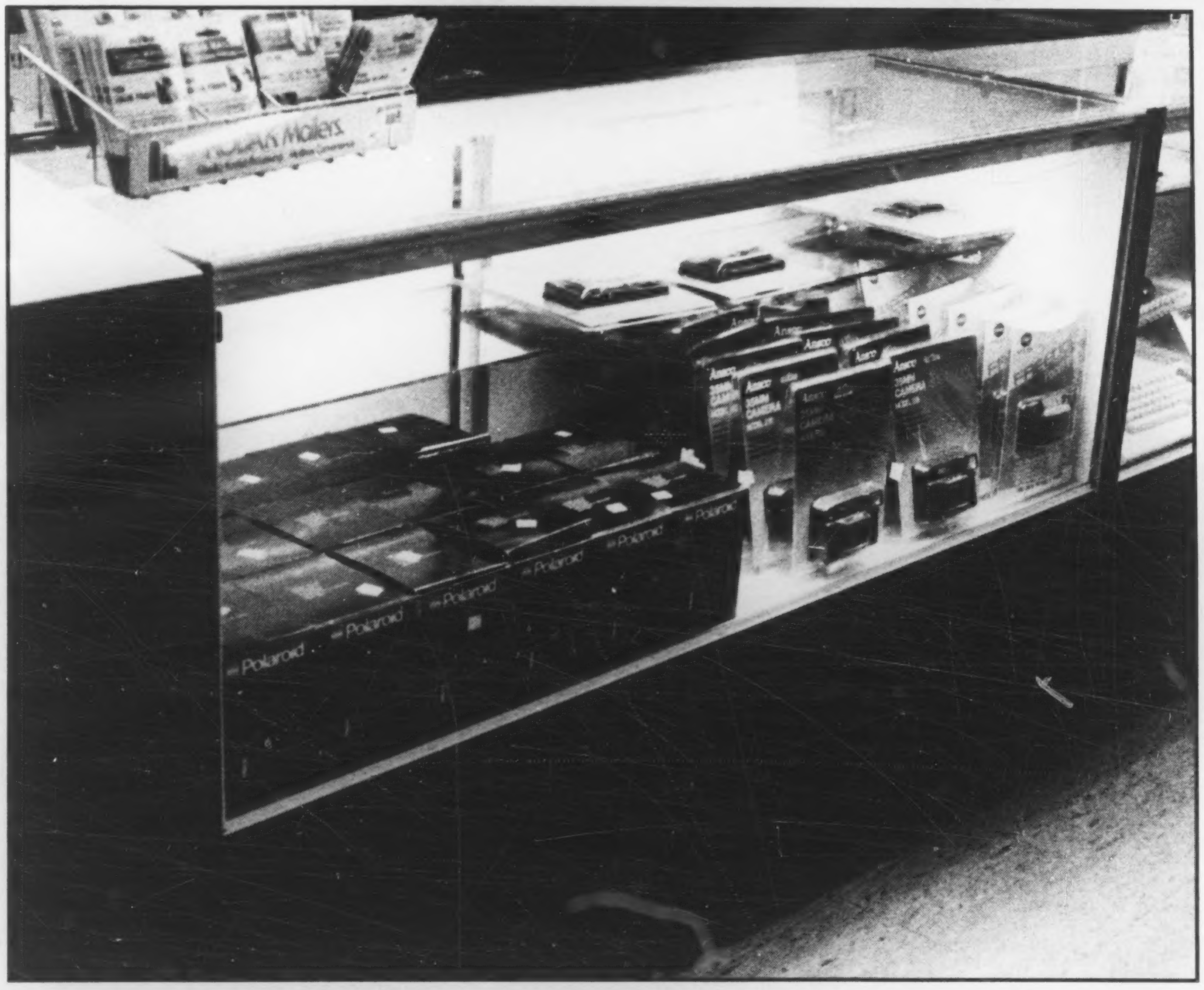
How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Tide	33%	63%	52%	65%
Windex	28	8	15	18
Clorox	8	35	18	24
Fantastic	18	3	9	15
Cheer	5	10	6	24

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Store managers reported that Tide sells well because it is a nationally advertised brand and is competitively priced. (DSN photo)

Familiar Name Helps Kodak Stay a Top Brand



In photo/camera, Polaroid ranked second on the Top Brands list. About one-third of store managers surveyed named Polaroid as among their best performing brands. (DSN photo)

Top Brands Vary by Type of Outlet

Brand	All Discounters		Conventional Discounters		Upscale Discounters	
	1988	1987	1988	1987	1988	1987
Kodak	80%	84%	81%	84%	75%	83%
Polaroid	34	47	36	50	25	39
Canon	19	29	14	24	41	41
Minolta	15	24	13	22	26	31
Fuji	9	9	10	12	7	4
Scotch/3M	5	5	5	6	6	4
Duracell	3	2	4	3	1	—
Pentax	2	6	2	8	2	3
Nikon	2	8	1	6	6	14
Keystone	2	4	2	4	2	3

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Nationwide DSN Report

For the fifth consecutive year, Kodak was the overwhelming choice of discount store managers as a best performing brand in *DSN*'s annual Top Brands Survey.

Asked to name their best performing brands in the photo/camera department, four out of five managers surveyed mentioned Kodak, which received more than twice as many mentions as Polaroid, the runner-up.

Fuji Posts Increase

In the past, Kodak has run up mention rates as high as 88 percent. However, all brands except Fuji showed a decrease in the poll this year, with the result that Kodak's margin over the competition increased markedly.

Over 80 percent mentioned Kodak last year, while nearly half mentioned Polaroid. Kodak dipped slightly this year, but Polaroid's rate of mention dropped to about one-third of the respondents.

While Kodak rated highly with all store managers, Wal-Mart and Zayre employees seemed to be particularly enthusiastic about the Rochester, N.Y.-based photographic products giant. Over 90 percent of each chain's managers named Kodak. K mart and Target tended to be a bit more restrained in their enthusiasm for the brand.

Upscaler Results Differ

Polaroid's strongest support came from Zayre managers, over three of five of whom named the brand. Other traditional discounters also gave the instant photography leader moderately strong support, but Polaroid's rating, like Kodak's, dropped off with upscale discounters. For instance, only about one in five Target managers mentioned the brand.

Canon and Minolta, which for the fifth straight year finished third and fourth, respectively, in the poll, both saw their shares drop. Canon skidded from a 1987 rating of about one-third of the respondents to under one-fifth this year. Minolta's share dropped about 10 percentage points, to 15 percent of respondents.

Fuji was the only top 10 brand to hold steady from 1987, with about one in 10 store managers naming the brand. Canon owed most of its success to Wal-Mart and Target managers, while Minolta did best with K mart and upscale discounters other than Target.

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Kodak	90%	85%	73%	74%
Polaroid	44	36	32	26
Canon	11	13	27	22
Minolta	16	10	20	18
Fuji	6	5	10	20
Scotch/3M	3	5	4	8
Duracell	8	2	3	2
Pentax	3	—	4	4
Nikon	8	—	2	2
Keystone	4	1	1	2

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

K mart managers also rated Fuji highly, while Wal-Mart managers seemed to favor Scotch/3M at about the same rate, which might be partly explained by Wal-Mart's corporate decision to go with American-made products over imports.

Nikon and Pentax, perennial top 10 finishers, barely squeaked onto the list this year, as both showed significant declines in manager mentions, which allowed Duracell to slip into seventh place, the first time the battery manufacturer has ever placed among the top-mentioned brands in the photo/camera department.

Regionally, Kodak did very well in the Northeast and the South; but received comparatively fewer manager mentions in the North Central and West regions. Nine of 10 Northeastern store managers named Kodak. Western managers gave a high percentage of manager mentions to Fuji, which has had more success in California in swaying consumers to its film, while only one in 20 Northeastern managers mentioned the brand.

Polaroid, predictably, did very well in the Northeast, where the company is based, but not as well anywhere else in the country, where its manager mentions dipped to as low as 25 percent.

Canon and Minolta both met with a great deal of success in the North Central region, and both were nearly as strong in the West. However, neither did as well among Southern discount store retailers.

The category, more than most, is one that is dominated by a few major players, with others relegated to supporting roles. As such, the difference between, say, seventh place and 15th place is often negligible. This year was no exception.

The margin between 10th place Keystone and 11th place Vivitar, for instance, was 0.4 percent. The next nine finishers, which included such brands as GE, Sony, Olympus, Eveready, Maxell and Ricoh, were separated by less than 2 percent.

Results compiled by store size tended to be fairly consistent, although there seemed to be a marked preference among smaller stores for the dominant brands, Kodak and Polaroid, while larger stores were disproportionately enthusiastic about upscale brands like Canon, Minolta and Pentax.

Name, Quality Important

Store managers were asked what qualities were most important to them in selecting the top brands in photo. Compared to their responses for all categories, it appears that product performance and brand recognition are essential attributes in the photo area. Low prices, variety within the line, product presentation, and other qualities were important to the managers, but no more so than in any other department.

Four of five managers cited brand recognition, and nearly as many noted that product performance was important. This compares to a slightly below average seven of 10 mentioning advertising as vital, and a little over six of 10 (again, slightly below average) citing low prices.

Kodak A Familiar Brand

Typical comments concerning Kodak were that "it has quality you can trust" and "people are more familiar with Kodak than with any other brand." One manager said that Kodak had "just about cornered the market in photography."

Polaroid supporters said just about the same thing, with one noting that "they have the market on instant cameras."

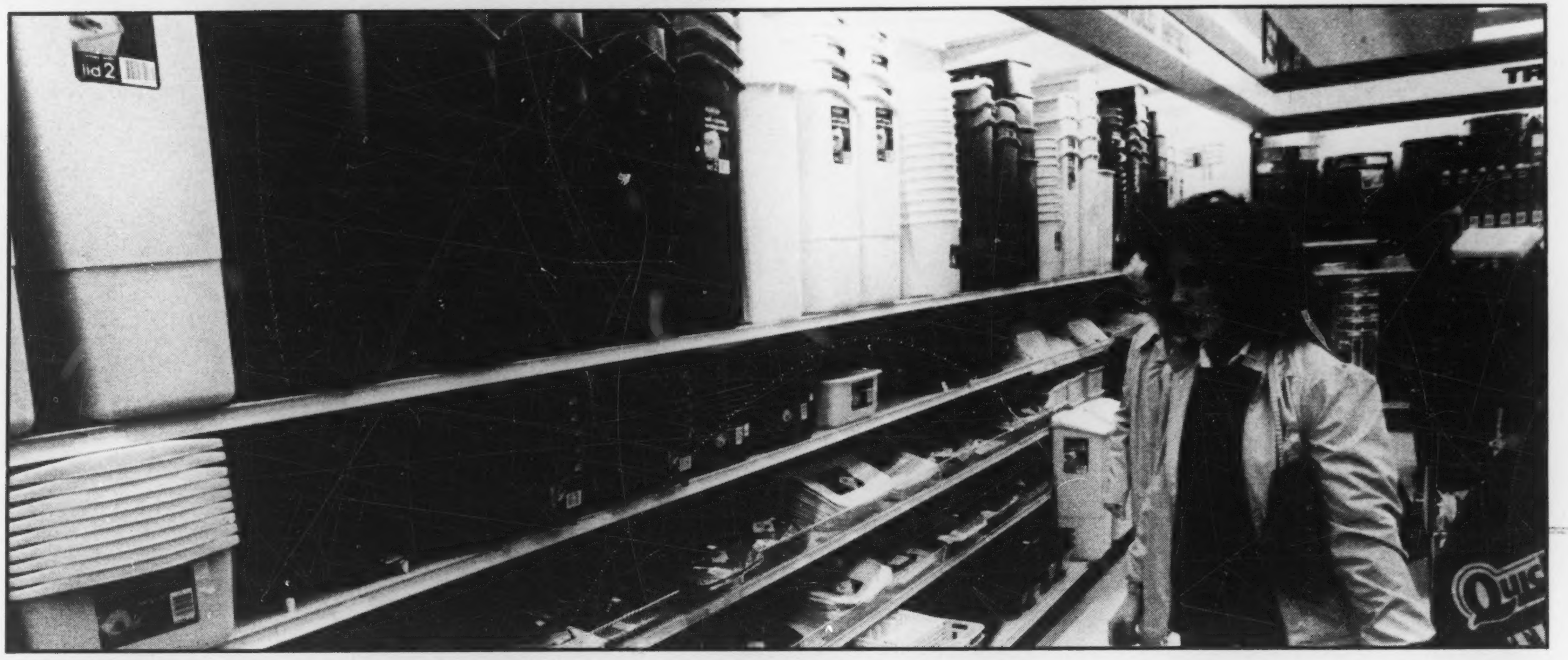
Overall, a clear majority of managers felt that the photo department had not experienced an increase in brands penetration in the past year, although a significant minority reported at least some growth.

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Kodak	81%	95%	91%	79%
Polaroid	36	40	64	25
Canon	16	25	3	50
Minolta	25	13	—	15
Fuji	20	—	—	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Rubbermaid and Corning Nab Top Positions



Thirty-four percent of store managers named Rubbermaid a best housewares performer. (DSN photo)

Nationwide DSN Report

Rubbermaid and Corning were the two brands most often mentioned by discount store managers as best performers in their housewares departments, according to the 1988 Top Brands Survey.

However, housewares manufacturers suffered from what appears to be a growing ambivalence among store managers toward brands. As with most other product categories examined in the study this year, the number of brands mentioned by each individual store manager dropped, resulting in numerous percentage point decreases. The size of the survey population (304), and the survey questions remained unchanged from previous years.

Rubbermaid has topped the list of housewares brands store managers have named as category leaders since *DSN* started conducting Top Brands Surveys in 1983. This year was no exception. The vendor maintained its place at the top of the list, despite a loss of about 14 percent points of the store manager mentions it had received last year.

Corning Labels Combined

For the first time, Corning could have overtaken Rubbermaid if all of Corning's labels were combined (34 percent Rubbermaid vs. 45 percent for Corning products).

Corelle, Visions and Corning brand names took the second, third and fourth spots, respectively, this year. Increased mentions of these brands thereby pushed last year's third place brand, Black & Decker, from No.4 to No. 5, and knocked last year's fifth place manufacturer, General Electric, off the top 10 list altogether.

The success of Corning products is probably linked to the introduction of its Iris pattern and the growing acceptance of its unrivaled Visions cookware line.

For years, consumers were limited to French White, Cornflower Blue and and a few other Corning patterns. The Iris motif was the first Corning bakeware pattern to appeal strongly to the upscale discount store environment.

Corning, Corelle and Visions each gained most of their mentions from managers at the upscale discount chains like Target. Corelle and Visions lost several percentage points at conventional discount stores like K mart and Wal-Mart.

Corelle was up 12 percentage points at upscale discounters over last year, and up 9 percentage points at conventional chains. While the Corning name lost 13 percentage points of its manager mentions among conventional discounters, it gained a point at upscalers.

Visions too is gathering steam among discount store managers. Being the only glass cookware in the market which is suitable for use in microwave and conventional ovens *and* on rangetop has made it especially desirable at a time when the majority of U.S. households require cookware adaptable to all methods of cooking. (The Association of Home Appliance Manufacturers estimates that roughly 75 percent of U.S. households own a microwave oven.)

The high performance ratings of Visions and Corning bakeware, however, occurred at least partly at the expense of Corning's Pyrex bakeware. Pyrex, No. 10 in last year's Top Brands Survey, plummeted to No. 17 (under 3 percent of total manager mentions) this year.

Store managers who named Rubbermaid and Corelle differed at times on which qualities led to their top performance status. For instance, advertising was much more of a factor among those who named Corelle (19 percent for Rubbermaid vs. 52 percent for Corelle).

Brand recognition appeared to be a more important performance component for Corelle than for Rubbermaid, but by a narrower margin. Fifty-five percent of store managers who named Corelle as a top housewares performer mentioned brand recognition as an essential element in a housewares brand's success; 36 percent of store managers who named Rubbermaid said brand recognition was an important attribute.

Thirty-four percent of store managers who mentioned Rubbermaid cited product performance as key to a brand's success; 21 percent of those who named Corelle named product performance as a key attribute.

Top Brands Vary by Type of Outlet

Brand	All Discounters 1988	All Discounters 1987	Conventional Discounters 1988	Conventional Discounters 1987	Upscale Discounters 1988	Upscale Discounters 1987
Rubbermaid	34%	48%	34%	42%	35%	62%
Corelle	22	12	22	13	19	7
Visions	12	10	11	13	18	5
Corning	11	21	8	21	22	21
Black & Decker	10	13	8	11	18	17
Proctor Silex	6	8	7	7	2	11
Ekco	6	5	6	6	6	4
SilverStone	5	9	5	10	7	7
Revere	5	2	4	—	10	6
Regal	4	6	4	5	3	9

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Rubbermaid	14%	38%	46%	24%
Corelle	28	23	24	18
Visions	9	8	18	12
Corning	5	18	12	12
Black & Decker	11	8	9	12

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Seventeen percent of store managers who said Rubbermaid was among their top performing housewares brands said good/low pricing was an important factor compared with 28 percent of those who named Corelle.

Among the top four discount chains, there was a tendency for K mart and Zayre store managers to be in agreement regarding what features are most important, and a fair amount of similarity between Wal-Mart and Target.

Both K mart and Zayre store managers considered advertising (especially manufacturer ads) to be important to product performance; about 40 percent of store managers at both chains mentioned advertising. K mart and Zayre store managers also reported product performance to be important by at least 40 percent of store managers.

At Wal-Mart and Target, advertising and product performance took a back seat to brand recognition. At Wal-Mart, 53 percent of store managers said brand recognition was key; 44 percent of Target managers also mentioned brand recognition.

Rubbermaid was most often the subject of additional store manager commentary. After answering the survey questions, store managers also added that Rubbermaid is a "Universal, No. 1 product," and has "come a long way in the last three years; the products are a lot more appealing." Durability and general product quality were also frequently mentioned.

Nonetheless, the drop in Rubbermaid mentions and the rise in Corning product mentions were especially dramatic among the top four chains: K mart, Wal-Mart, Zayre and Target. Rubbermaid mentions fell by 7 percentage points at K mart; 28 percentage points at Wal-Mart; 18 percentage points at Zayre, and 25 percentage points at Target.

Performance by Ekco, Revere and Regal, which were not among last year's top 10, earned these vendors a place on the 1988 charts.

Additional store manager commentary beyond the survey questions indicated that product quality is considered to be a major factor in Revere's performance.

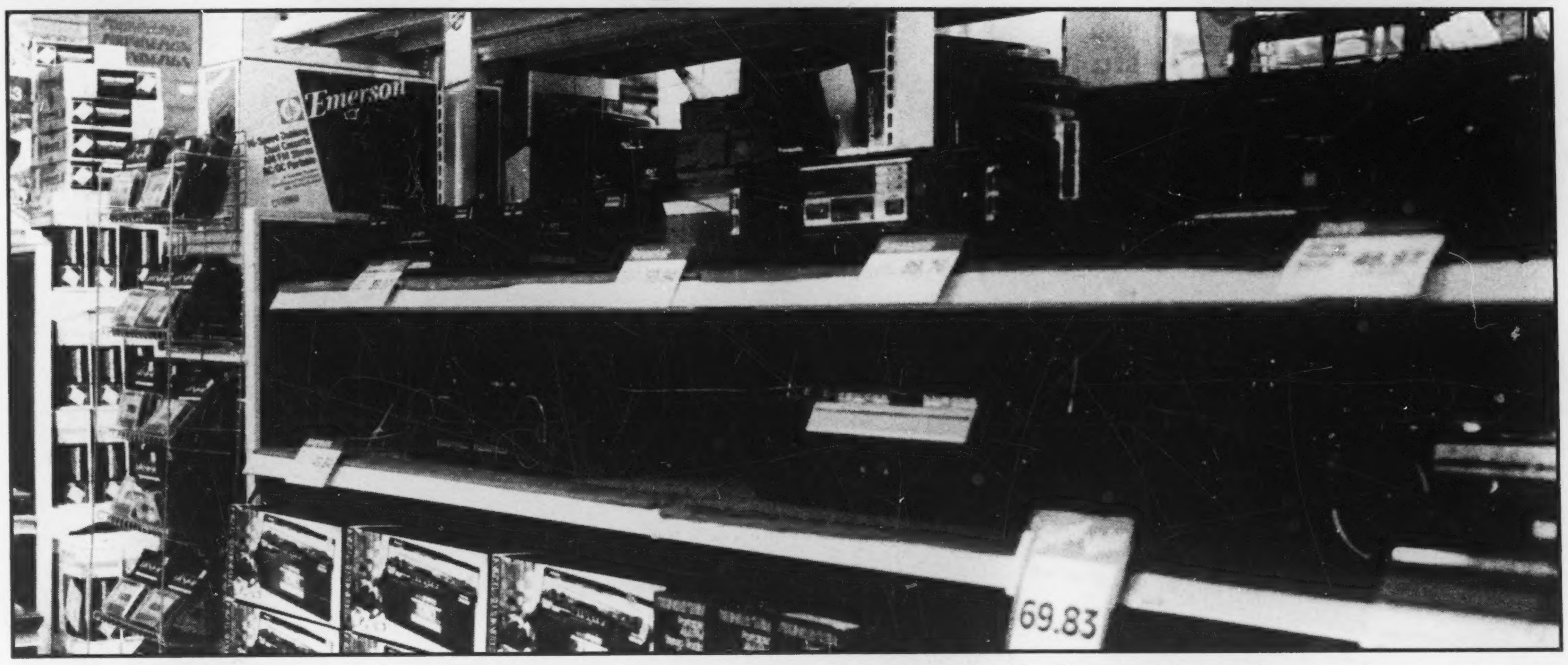
Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Rubbermaid	37%	36%	34%	26%
Corelle	25	22	21	20
Visions	9	15	12	9
Corning	18	12	8	8
Black & Decker	14	8	8	11
Proctor Silex	8	5	5	8
Ekco	8	6	4	7
SilverStone	3	5	9	2
Revere	8	4	4	4
Regal	4	7	2	2

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

3 New Names Crack Top 10 CE Brands List

Nationwide DSN Report



Panasonic and Soundesign were mentioned more often by store managers in the Northeast region of the country. (DSN photo)

Emerson repeated as the most-often mentioned consumer electronics brand among discount store managers, widening its lead over second place General Electric. GoldStar was the big gainer in the group, coming out of nowhere to place third.

Ultra-hot Nintendo, which finished seventh overall, also leaped onto the list for the first time, and turned in an even more impressive third-place showing in the "first mention" category.

For the first time since the study started in 1983, three new brands cracked the top 10. GoldStar, in fact, achieved the highest ranking of any CE brand to make the top 10 list for the first time.

Emerson took over first place from GE last year, after the Connecticut-based giant finished first in each of the two prior years. Emerson's margin of victory last year was a mere fraction of a percentage point, but the gap widened this year as Emerson beat out the competition by at least eight percentage points. However, Emerson's percentage of manager mentions dropped slightly from last year, as did the figures for virtually all other top 10 repeaters.

Emerson basically has Wal-Mart to thank for its impressive showing; three-quarters of Wal-Mart managers named the brand. Zayre managers were also high on the company, with over 50 percent of managers naming Emerson as a top performer.

K mart Manager Mentions

K mart managers, on the other hand, more often mentioned GE, Nintendo, GoldStar and RCA, which were mentioned by 20 percent or more of K mart managers. Sharp and Zenith also received a significant percentage of K mart manager mentions.

In addition to Emerson, Zayre managers favored GoldStar (55 percent) and GE, with Randix, Sony, Nintendo and Magnavox also receiving support. Wal-Mart managers, in addition to their support of Emerson, named RCA, Panasonic, Sony, Magnavox, Pioneer and Soundesign.

Upscale discounters were moderately impressed with Emerson, but a greater number of them mentioned Sony. Target managers split about evenly among Emerson, Sony and Magnavox. Overall, upscalers (including Target) tended to divide their mentions among more brands than did conventional discounters, so the top performing brands tended to compile less impressive totals among upscalers.

Wal-Mart, with its selective "Buy American" policy, had far larger holes in its selection, according to the managers. GoldStar, Sharp, Samsung, Toshiba and Casio were not mentioned at all by Wal-Mart managers.

In addition to total responses, the poll tabulated first responses of the managers (brand mentioned first when asked, "What are your best performing brands in consumer electronics?"). Answers roughly followed the same pattern as those of total responses. However, there were some marked variations.

In the first response poll, Nintendo finished second, behind Emerson and slightly ahead of GE. One in four K mart managers named Nintendo first as a top performing brand. GoldStar, evidently, owed a lot of its third place finish to second mentions, as it dropped to fourth place in the first mention results. However, nearly one-third of Zayre managers listed it first. Nearly half of Wal-Mart managers named Emerson first. Sanyo was the only other brand to show significantly better performance in the first mention results than in the overall poll.

Trend in Upscale Buying

GE received slightly higher percentages than did Emerson in the Northeast and the West, but Emerson, thanks to Wal-Mart, won handily in the South and North Central regions. Most other brands had very little variation regionally except Panasonic, Sony and Sharp, all of which did significantly better than average in the Northeast. Since all three are suppliers of relatively upper-end products, this might indicate a growing trend toward more upscale audio and video equipment among Northeastern discounters.

Managers were asked why they chose the brands they named first, and their responses varied widely in emphasis. The top three qualities cited, in order, were good advertising, product performance and brand recognition. However, Target and Wal-Mart managers placed far greater emphasis on brand recognition than did other managers. Wal-Mart managers, to no one's surprise, were also more likely to cite low prices as a key attribute, while K mart managers were particularly impressed by a large, complete product line.

Zayre managers were above average in their praise of promotions and specials, as were Target managers, who also valued extensive supplier advertising. Wal-Mart managers were more likely than others to cite manufacturer features like warranties and good stock positions, but that seemed to play a small role in their thinking overall.

Managers who favored Emerson were almost unanimous in citing price and quality as keys to the brand's success. "The prices are lower than Sony and RCA for the same quality," one manager said.

Another manager explained the rise of GoldStar by saying, "The product is fairly priced and has developed consumer trust."

"It has become a national brand through its advertisements," another added.

Nintendo received support due to a variety of qualities, including price, creativity, quality and the most important attribute, its sales record. "They are going out faster than we can get them in," one manager noted.

Panasonic, RCA and Sony all got votes for the effectiveness of their brand names and the quality of their products, while a manager who mentioned Sharp didn't seem to know what made the brand successful. "We just keep buying it and it keeps selling," he said. "We don't do much for it other than put it on sale."

Overall, store managers said that brands had not grown in strength over the past year. When asked, less than 40 percent said that they had seen "more" growth in brands last year; the remainder said that brand share of the market had either remained the same or declined. However, the managers seemed to think that CE brands had grown a bit better than average.

Top Brands Vary by Type of Outlet

Brand	All Discounters		Conventional Discounters		Upscale Discounters	
	1988	1987	1988	1987	1988	1987
Emerson	30%	31%	31%	28%	24%	39%
General Electric	22	31	24	30	13	35
GoldStar	16	12	17	16	11	3
RCA	16	22	16	28	12	7
Panasonic	14	21	13	21	20	22
Sony	12	16	9	14	28	22
Nintendo	12	—	13	—	7	—
Sharp	9	15	8	15	17	14
Magnavox	8	—	7	—	17	—
Soundesign	8	14	10	18	—	4

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Emerson	16%	75%	55%	27%
General Electric	38	10	21	3
GoldStar	20	—	55	6
RCA	25	38	3	18
Panasonic	8	28	—	21

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Emerson	23%	42%	24%	21%
General Electric	26	24	18	24
GoldStar	19	18	15	13
RCA	14	16	15	18
Panasonic	19	10	17	15
Sony	20	10	12	9
Nintendo	9	14	10	13
Sharp	19	5	9	11
Magnavox	9	8	9	7
Soundesign	12	10	6	4

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Newcomers Scramble Personal Care Category

Nationwide DSN Report

Rebates, the need to comply with updated Underwriters Laboratory safety standards, new product launches and the usual price competition created a jumbled roster of name brands cited by discount store managers as their best performers in the personal care electrics category.

The aggregate of these industry influences during 1987 resulted in more mentions of brands like Windmere, Norelco and Remington—which were among the bottom 10 last year—at the expense of top performers like Conair and Clairol.

K mart, Wal-Mart, Zayre and Target store managers were among those who altered their opinions from 1987, based on findings contained in 1988's Top Brands Survey.

New UL safety standards, which vendors were forced to comply with as of October 1987, resulted in low-to-moderate price increases, depending upon how much the manufacturer needed to invest in order to meet the new standards. These price increases contributed to changes in headquarters' buying patterns and consequently, store managers' assessments of the category's top performers.

Conair remained the clear leader across all geographic regions and at upscale and conventional discounters alike, despite collecting 8 percent fewer mentions than last year.

At K mart, 69 percent of the managers mentioned Conair as one of the department's leaders, up from 60 percent last year. Wal-Mart and Zayre store managers, on the other hand, mentioned Conair less frequently than last year. Mentions of the brand at Wal-Mart dropped to under 50 percent from 68 percent and at Zayre it fell to 52 percent from 80 percent. Target store managers mentioned Conair just as often as they did during the 1987 survey.

The most frequently mentioned reason store managers named Conair as a top performer was the success of both the manufacturer's and retailer's advertising efforts. Forty-one percent of store managers mentioned either manufacturer or in-store advertising as a major contributor to its dominance.

The vendor also stimulated the largest number of additional comments of any personal care appliance manufacturer mentioned.

A sample of the verbatim quotes: "The prices are lower than on other brands," and "We carry a wide range of their products. We advertise and promote."

Like Conair, Clairol held its 1987 ranking (No. 2) even though its total mentions dropped to 18 percent from 25 percent last year. The brand lost mentions at both conventional and upscale discount operators, and in each of the four geographic regions. While store managers at K mart, Wal-Mart, Zayre and Target cited Clairol fewer times this year than last, the number of mentions did not fall as dramatically as with Conair.

health & beauty
PERSONAL CARE ELECTRICS
PERSONAL CARE ELECTRICS

Conair got the most mentions from managers as a top brand in personal care appliances. (DSN photo)

Top Brands Vary by Type of Outlet

Brand	All Discounters 1988	All Discounters 1987	Conventional Discounters 1988	Conventional Discounters 1987	Upscale Discounters 1988	Upscale Discounters 1987
Conair	48%	56%	47%	57%	54%	53%
Clairol	18	25	15	20	33	38
Windmere	15	6	16	8	14	2
Vidal Sassoon	14	21	10	13	30	41
Norelco	12	7	13	7	10	7
Remington	10	2	10	3	8	1
General Electric	9	25	10	26	5	23
Black & Decker	7	15	8	15	3	14
Sunbeam	3	3	3	3	4	3
Jerri Redding	2	7	3	9	—	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Managers cited Clairol's high consumer recognition across the country as a key to the brand's success. Fifty-two percent of respondents who named Clairol as a top performing brand said its success was due to brand recognition; 29 percent said it was because of the vendor's advertising, and 30 percent said the quality and performance of the product earned its mention as a top department performer.

The third place spot was captured by Windmere, a name which did not appear among last year's top five.

Windmere's unique product introductions, like its electric lint remover, contributed to its higher profile, especially at Wal-Mart where 15 percent of store managers mentioned the brand as a category leader.

Windmere replaced General Electric, which had held the third place spot last year; store managers, like consumers, are only now realizing that the General Electric brand no longer exists in small electrics.

Black & Decker, which bought the GE small electrics business over two years ago, still trailed behind the GE brand, but by a narrower margain. Last year GE was third and B&D was fifth; this year GE finished seventh and B&D eighth.

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Conair	49%	51%	42%	52%
Clairol	16	18	20	15
Windmere	12	19	15	11
Vidal Sassoon	18	14	11	15
Norelco	20	12	11	9
Remington	17	9	9	7
General Electric	5	9	11	11
Black & Decker	6	10	3	7
Sunbeam	6	5	1	—
Jerri Redding	—	1	4	4

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Vidal Sassoon held its No. 4 spot despite a drop in mentions among K mart, Wal-Mart and Target managers. The company saw its rate drop 23 percentage points at Target, 2 percentage points at K mart, and 1 percentage point at Wal-Mart. Zayre managers mentioned Vidal Sasson slightly more often than they did last year.

Vidal Sassoon's own advertising campaign was by far the main reason store managers believed the brand name was a top performer. Nearly half of all store managers who named Vidal Sassoon said the manufacturer's ads led to its success. Thirty-five percent said brand recognition was also a factor.

Replacing Black & Decker in the No. 5 position was Norelco, which was not among the top five a year ago. Norelco mentions were substantially higher in the Northeast than in other regions. Conventional discount store managers were slightly more likely to mention the vendor than upscale discount store managers.

Norelco's advertising was even more than a factor than Vidal Sassoon's. Advertising was mentioned by 77 percent of all store managers; 67 percent attributed to the successful ads to the manufacturer while the other 10 percent said their own advertising efforts were a primary performance factor.

All of the additional comments store managers made about Norelco indicated that its advertising is fundamental to its success. "Name and reputation [are reasons for Norelco's performance]. The company is reliable and it advertises heavily during our gift giving seasons," was the consensus.

Remington, like Windmere and Norelco, appeared to be cutting into Conair's high awareness levels among store managers. Remington, which had not appeared at all on last year's top 10 list of personal care appliances, made its way to the No. 6 position on this year's chart, collecting 10 percent of all discounters' mentions.

Across all brands, warranties and whether or not the appliances were made in the U.S. had little effect on managers. On average, those qualities received less than a 2 percent rating when managers were asked what made them choose a given brand as a top performer.

Overall, Conair, Clairol, Vidal Sassoon, and Black & Decker were more popular with managers of larger stores, while Windmere, Norelco, Remington, GE and others owed most of their mentions to smaller stores. A majority of managers said there was no growth in national brand presence in the personal care department over the past year.

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Conair	69%	48%	52%	47%
Clairol	16	15	18	41
Windmere	2	15	9	6
Vidal Sassoon	2	23	18	29
Norelco	8	10	9	9

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands

Hard Lines

PART I: STORE MANAGER SURVEY

Pennzoil Races to Top of Automotives Brands

Nationwide DSN Report

As in 1987, motor oils, oil filters and oil additives again dominated discount store automotive departments, copping eight of the top 10 rankings as best-performing brands in *DSN's* 1988 Top Brands Survey.

The real news from this year's top brands survey is that Pennzoil finally edged past Quaker State by the narrow margin of 30 percent to 29 percent to place No. 1 in mentions among the automotive brands. In the past, Pennzoil trailed Quaker State by substantial margins, such as 34 percent to 54 percent in 1987.

The switch mirrors their dramatic shifts in market share position. Over the past two years, Pennzoil forged to the top with almost a 23 percent market share, up from 18 percent, reported recently in a business publication. Quaker State had led two years ago with a 22 percent market share but fell to 18 percent last year, according to the report.

Retailers also like Pennzoil's square bottle that permits more bottles to be stored on a given shelf, compared to Quaker State's round bottle.

Quaker State hit its low point this January, a spokesman acknowledged, while Pennzoil hit its high mark. Since then Quaker State has recovered ground and Pennzoil lost, he said. The NPD survey showed that as of January, Quaker State had a 16.1 percent share and Pennzoil 21.4 percent. But as of July, Quaker State had risen to 19.3 percent, while Pennzoil fell to 20.6 percent, he said.

Other than the reversal of the top two contenders, the survey revealed no dramatic shifts. The two new brands that made the top 10 this year were: Armor All, No. 9, compared to No. 12 last year, and Champion, No 10, which moved up from No. 13.

They squeezed Turtle Wax and AC-Delco out of the 9th and 10th spots.

Armor All apparently gained ground on the strength of its diversification from its primary product, protectant, into the auto wax field, supporting its move with a hefty, $5 million advertising campaign. As of June, Armor had captured a 19.7 percent market share, at the expense of all competitors, including Turtle Wax, which fell to 27.7 percent in the A.C. Nielsen ratings, down from 39.3 percent in June 1987.

Champion faces the market decline of its bread and butter spark plug line because of the slump in eight cylinder engines in favor of four and six cylinder, and longer spark plug wear with electronic ignition. But it countered with aggressive diversification into such products as filters, penetrating oil, and wiper blades, and now tools. Moreover, it licensed its brand name and logo for car batteries.

Fram, Havoline, STP and Castrol retained their rankings as Nos. 3, 4, 7 and 8. Prestone, with its widely-promoted radiator guarantee program, moved up a notch to No. 5, bumping Valvoline down to the No. 6 position.

Top Brands Vary by Type of Outlet

	All Discounters		Conventional Discounters		Upscale Discounters	
Brand	**1988**	**1987**	**1988**	**1987**	**1988**	**1987**
Pennzoil	30%	34%	31%	36%	26%	31%
Quaker State	29	54	31	56	19	50
Fram	22	26	20	24	30	32
Havoline	17	21	20	23	5	13
Prestone	14	12	13	11	24	12
Valvoline	11	17	12	14	9	23
STP	9	11	10	13	3	5
Castrol	8	11	7	9	15	14
Armor All	5	5	5	6	9	4
Champion	5	4	5	6	9	1

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Pennzoil	39%	10%	9%	47%
Quaker State	30	20	79	24
Fram	25	30	52	53
Havoline	16	43	12	9
Prestone	8	5	24	9

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Pennzoil	14%	21%	41%	46%
Quaker State	29	32	29	22
Fram	19	16	27	28
Havoline	6	28	12	13
Prestone	23	14	10	15
Valvoline	6	10	16	11
STP	5	14	7	4
Castrol	18	12	1	5
Armor All	4	5	4	11
Champion	8	1	8	6

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Among differing outlets, Pennzoil fared slightly better with conventional discounters, 31 percent, than with upscale chains, 26 percent. Among individual chains, the distinctions became pronounced.

Pennzoil got the highest percentage of total mentions from Target managers, 47 percent, and its lowest from Zayre, 9 percent, followed closely by Wal-Mart, 10 percent. By comparison, 39 percent of K mart managers cited Pennzoil as their No. 1 brand.

Quaker State was the overwhelming favorite of Zayre managers, 78.8 percent, compared to 30 percent at K mart, 24 percent at Target, and 20 percent at Wal-Mart.

At Wal-Mart, 43 percent of its managers cited Havoline as their top brand, compared to a low of 9 percent of Target managers.

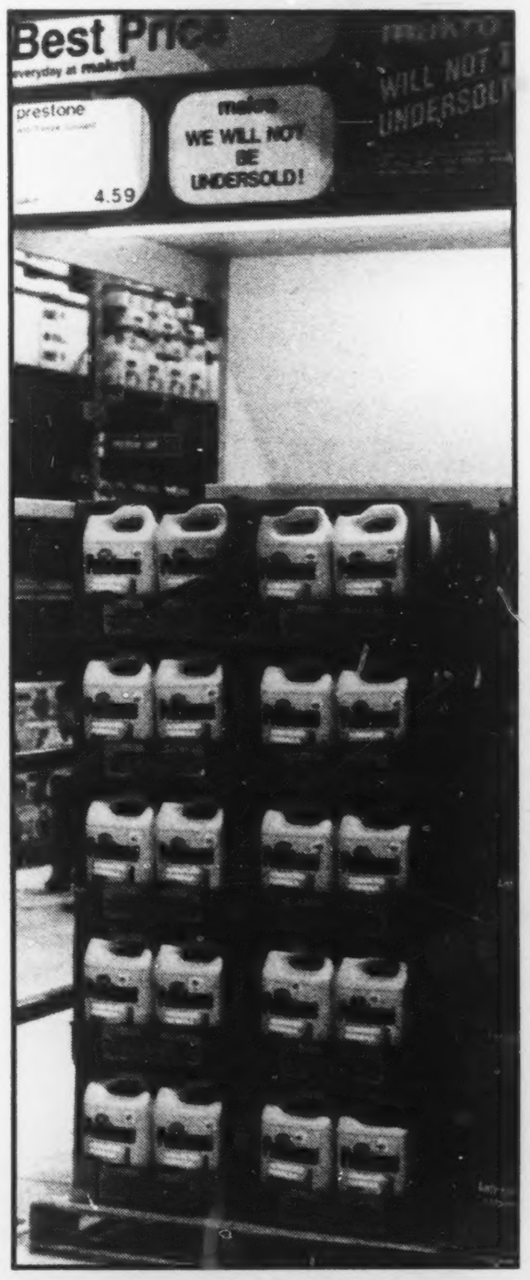
Prestone fared poorly among Wal-Mart managers, with just 5 percent citing it as among their best performing brands. In comparison, it was named by 24 percent of Zayre managers. Prestone scored better with upscale discounters, 24 percent, compared to 13 percent of conventional discount store managers who named it as a top brand.

Regional contrasts reveal several dramatic variations.

In the West, 46 percent of managers cited Pennzoil as their top brand. But its ranking plunged to 14 percent of managers in the Northeast.

Quaker State's regional standings stood closer, varying from 32 percent among managers in the South to 22 percent of those out West.

Thanks to its high standing with Wal-Mart managers, Havoline did best in the South, 28 percent, but tailed off to 6 percent of Northeast managers.



Prestone, with its widely promoted radiator guarantee, moved up a notch to fifth place in this year's survey. (DSN photo)

Other major regional variations in top brand rankings include those for Valvoline, 16 percent in the North Central, down to 6 percent in the Northeast. And of the managers in the Northeast, 18 percent cited Castrol as among their best performing brands, compared to 1 percent of those in the North Central region.

As for the why they thought their top brands had succeeded were tops, managers overwhelmingly gave prime credit to advertising, with 44 percent citing that as a factor.

Product performance and brand recognition came in a virtual dead heat for second place, with 26.9 percent of managers citing the one and 27 percent the other.

Price, an important factor in commodities such as oils, came in a close fourth, with 25.7 percent of managers citing low prices as an attribute of success.

In a consistent pattern, advertising was less important than the norm among Wal-Mart managers. Only 33 percent of those surveyed gave top billing to advertising, compared to 48 percent of upscale managers.

Regionally, 51 percent of North Central managers gave cited advertising as the major reason for top brand success, compared to 36 percent of those in the South—Wal-Mart's stronghold.

Regarding product performance, the only signficant variation occurred regionally: 36 percent of managers in the West gave top billing to that factor, compared to 7 percent of those in the West.

Again fitting the pattern, more Wal-Mart managers, 44 percent, gave credit to brand recognition for top brand success than the norm of 27 percent. At Target, 38 percent of managers cited brand recognition as a factor. Regionally, brand recognition was more important to managers in the West, 37 percent, than in the Northeast, 16 percent.

In verbatim comments on top brands, managers said of Pennzoil: "They always owned the market. They are heavily advertised."

Quaker State drew these comments from managers: "They have been in business for years;" "Good quality oil that lasts a long time;" and "National advertising."

A manager cited Prestone for having "Customer awareness, advertising and product recognition." Another emphasized that Prestone is an "American-made product" that offers "brand recognition and quality."

A manager cited Armor All for its "quality products."

Of Fram, a manager noted, "People just prefer the name brand."

Crest, Colgate Extend Dominance in H&BA

Nationwide DSN Report

In the quick-turning consumable health and beauty aids category, discount store managers nationwide cited advertising, name recognition and product performance as the key motivators behind the performance of the cream of top brands.

Leading the pack of top performers once again were toothpaste brands Crest and Colgate, according to the 1988 *DSN* Top Brands Survey of discount store managers across the country.

Mentioned as a top performing H&BA brand by almost half of the managers surveyed, Crest held its top ranking for the third year in a row, gaining percentage 10 points over its 38 percent rate of mention in 1987, one of the few No. 1 brands in any category to actually increase in popularity among store managers.

In second place, also for the third straight year, was Colgate, mentioned by 29 percent of managers surveyed—a return to the mark the brand had in 1986 after slipping 2 percentage points last year.

While Crest was the most often mentioned H&BA brand at all discounters, Colgate gained most of its share at conventional chains, 30 percent of whose managers mentioned the brand. Upscaler Target placed Colgate second, mentioned by only about 18 percent of managers of that chain.

Regionally, the two toothpaste brands performed quite differently around the country. For Crest, 56 percent of the discounters in the North Central region and 53 percent of the managers in the West cited the brand as a top performer. Colgate's greatest following, however, was concentrated in the Northeast, where the toothpaste brand grabbed just under 40 percent of all store manager mentions.

Illustrating a continuing emphasis on hygiene products, Listerine was the third most often mentioned top brand, with 18 percent of mentions, up 2 percentage points from 1987, while Scope was No. 5 with 8 percent. Listerine's increase helped push the H&BA brand up from its No. 4 ranking last year, as it swapped places with Johnson & Johnson.

Like Colgate, Listerine and Scope did poorly at Target, where they received 12 percent and zero percent of manager mentions, respectively. However, the mouthwash product did significantly better at Zayre and K mart. Regionally, Listerine received its greatest number of manager mentions in the West.

After peaking in 1985 with 44 percent of all managers mentioning it as among their best performing brands, J&J continued its top brand descent this year, ranking fourth with 12 percent. This rate of mention was fairly consistent for most discounters, although J&J did somewhat better at K mart.

The remaining top 10 H&BA brands, in order of manager mentions, were Revlon, Clairol, Right Guard, Aqua Net and Lever Brothers. Altogether, discounters named 63 brands to the survey, higher than any other department in the survey.

In a departure from past years, the upper reaches of the Top 10—Crest, Colgate, Listerine and J&J—picked up the majority of the top mentions by discount managers. In the past, brand mentions tended to be spread out among more upper-echelon products.

The success behind the sales of these top brands centered on a few key factors for discounters.

The No. 1 reason, mentioned by 78 percent of store managers, was brand recognition, closely followed by product performance at just under 78 percent, then advertising, 72 percent. Low prices (60 percent) and wide variety (41 percent) also received significant support from managers as attributes of best performing brands in this category.

As a group, conventional discounters like K mart, Wal-Mart and Zayre tended to place less importance on name brands than did upscalers like Target. A little over three-quarters of managers of conventional discounters cited brand recognition as a key attribute; the figure at upscale discounters was a little over 95 percent.

The reverse was true for low prices, with 65 percent of traditional discounters finding price important, compared to 37 percent of upscale store managers.

Individually, however, store managers cited varying key reasons for the top H&BA brands' success.

At the nation's largest discounter, K mart managers veered from the composite totals in several areas. In advertising, 16 percent of K mart cited the chain's own ads as being important compared to 13 of all managers citing that factor. The chain also thought low prices and a wide variety were more important than did the average discounter.

Conversely, K mart managers named product performance and brand recognition less often than the composite total for the industry.

At Wal-Mart, overall brand recognition (mentioned by 89.5 percent) and low prices (84.2 percent) were not only above the norm, but the highest among any individual chain.

Wal-Mart fell below the average on the importance of advertising and promotion—not surprisingly, since the discounter sticks to an everyday low pricing policy.

Target, however, ranked overall advertising at 86 percent—easily surpassing the average. Within advertising, Target felt stronger about the importance of a manufacturers' advertising than the normal discounter, but at the same time rated its own advertising as being less important than the average.

The significance of brand recognition and low prices were also rated higher by Target than most other chains, except Wal-Mart.

However, a lower than average percentage of Target managers viewed product performance, and variety and depth of a brand as important.

Following in Wal-Mart's steps, Zayre also rated advertising's importance below the norm. The chain, however found product performance more important than the average by 5 percentage points, and ranked brand recognition 14 percentage points below the norm.

Top Brands Vary by Type of Outlet

Brand	All Discounters 1988	All Discounters 1987	Conventional Discounters 1988	Conventional Discounters 1987	Upscale Discounters 1988	Upscale Discounters 1987
Crest	48%	38%	48%	35%	44%	44%
Colgate	29	27	30	23	24	35
Listerine	18	16	18	13	18	21
Johnson & Johnson	12	21	12	23	13	19
Scope	8	9	8	7	7	15
Revlon	7	14	6	6	11	35
Clairol	6	11	5	12	13	9
Right Guard	6	2	7	2	2	—
Aqua Net	5	—	5	—	6	—
Lever Brothers	5	—	5	—	7	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Crest	41%	41%	56%	53%
Colgate	39	26	27	30
Listerine	14	18	14	28
Johnson & Johnson	15	13	9	13
Scope	3	8	8	11
Revlon	6	11	5	2
Clairol	4	6	6	9
Right Guard	5	8	4	6
Aqua Net	11	4	6	2
Lever Brothers	4	6	6	4

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Crest	50%	53%	49%	47%
Colgate	31	33	33	18
Listerine	25	23	30	12
Johnson & Johnson	16	13	12	12
Scope	11	8	3	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

HAIR CARE
DENTAL NEEDS
Crest
Crest
Crest
Crest
Crest

Crest and Colgate maintained their lofty spots in this year's survey of top H&BA brands. (DSN photo)

Wilson, Coleman Top Managers' Brand List

Top Brands Vary by Type of Outlet						
	All Discounters		Conventional Discounters		Upscale Discounters	
Brand	**1988**	**1987**	**1988**	**1987**	**1988**	**1987**
Wilson	28%	35%	23%	29%	50%	49%
Coleman	28	44	27	39	32	58
Spalding	22	28	20	18	33	50
Zebco	20	15	23	16	8	10
Huffy	11	12	8	8	25	24
MacGregor	6	12	7	12	—	12
Garcia	5	7	5	9	5	1
Remington	5	4	6	5	—	—
Daiwa	4	6	4	8	1	3
Igloo	3	3	3	2	6	6

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Nationwide DSN Report

Wilson edged out Coleman as the top sporting goods brand in this year's Top Brands Survey. Last year, Coleman unseated Wilson, the 1986 winner.

For the past five years, the two have been vying with each other for the top brands honor. Coleman has won three times against Wilson's two.

In 1986, Wilson was on top, but Coleman forged ahead in 1987, with a score of 44 percent to 39 percent.

This year Wilson came out fractionally ahead, 27.8 percent, against 27.7 percent for Coleman.

Rounding out the top 10 this year were: Spalding, Zebco, Huffy, MacGregor, Garcia, Remington, Daiwa and Igloo.

Remington and Igloo pushed into the top 10 this year to replace Shakespeare and Rawlings as the top performers in the view of discount store managers. Rawlings dropped four places from No. 8 to No. 12, while Shakespeare slipped to No. 13 from No. 7.

Remington and Igloo both made strong showings this year in making the top 10, moving up from 15th and 16th, respectively, last year.

Spalding, Zebco, Huffy and MacGregor retained the same relative rankings as last year.

Wilson Strong at Zayre

Although Wilson was virtually tied with Coleman in the overall ranking, it pulled ahead significantly in its rankings with managers at Zayre, deemed a conventional discounter, gaining 46 percent of manager mentions to Coleman's 18 percent. Among upscale chains, Wilson also led Coleman by a significant margin, 50 percent to 32 percent.

Among other conventional discounters, Coleman beat out Wilson among K mart managers, 33 percent to 27 percent. At Wal-Mart, Coleman did slightly better than Wilson, 25 percent to 23 percent.

Spalding and Huffy also did better at upscale discounters than with conventional chains.

Thirty-two percent of Target managers mentioned Spalding compared to 21 percent at Zayre, 19 percent at K mart and 15 percent at Wal-Mart.

Slightly less than 21 percent of Target managers mentioned Huffy, but the bicycle manufacturer received only 5 percent of manager mentions at Wal-Mart and 6 percent at K mart. Zayre managers, however, were enthusiastic about Huffy, with over 21 percent mentioning the brand.

In comparing 1988 with 1987, Huffy got almost precisely the same ratings, turning in the most consistent year-to-year performance of any of the top 10.

In sharp contrast, Coleman slumped this year, mentioned by 32 percent of the managers of upscale discounters compared to 58 percent in 1987. It sagged in the overall rankings to 27.7 percent of managers from 44 percent last year.

At Wal-Mart, with its national reputation as a strong fishing supplies retailer, nearly half the managers surveyed mentioned Zebco as a top performing brand.

Among upscale discounters, which do not carry guns and ammunition, Remington scored a zero, while gaining 6 percent of manager mentions from conventional discounters Wal-Mart and K mart.

Among marked regional variations in the standings, Wilson did best in the Northeast, with 47 percent of the region's managers, and its worst in the South, 25 percent.

How Industry's Top 5 Fare at Chains				
Brand	**K mart**	**Wal-Mart**	**Zayre**	**Target**
Wilson	27%	23%	46%	41%
Coleman	33	25	18	38
Spalding	19	15	21	32
Zebco	19	48	3	3
Huffy	6	5	21	21

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Coleman produced its strongest showing in the West, 43 percent, and its weakest in the Northeast, 15 percent.

Remington arms and Garcia fishing tackle also got their highest ratings in the West. Remington garnered mentions from 9 percent of Western managers, trailing off to 3 percent from Northeastern managers. For Garcia, the West came through with 15 percent of all manager mentions, while it garnered no mentions in the Northeast.

Zebco's line of fishing tackle scored best in the North Central region, 26 percent of managers, closely followed by the South, 24 percent. Northeastern managers rarely mentioned the brand.

As for their reasons why a brand succeeded in the sporting goods department, most managers cited product performance, 35 percent, while advertising came in second, with 30 percent of managers giving that attribute credit for top brand success. Brand recognition ranked a close third, with 27 percent of all managers saying it was a factor.

Product performance was even more important in the minds of upscale discounters, 41 percent, than in the views of conventional discounter store managers, 34 percent.

And among conventional chains, 39 percent of K mart managers said product performance was important, while only 15 percent of Zayre managers cited it as the reason for a brand's success.

Regionally, product performance ranked first in importance with 41 percent of managers in the West, but only 20 percent of managers in the Northeast.

As expected, advertising was less important than the norm with Wal-Mart managers, 14 percent, and more important among upscale discount managers, 36 percent.

Advertising drew top billing more often from Western managers, 37 percent, than North Central managers, 27 percent.

When comparing a few specific brands, however, variations for advertising as the prime factor ranged from 44 percent for Wilson to 17 percent for Coleman. On the other hand, product performance was more important for Coleman, 43 percent, than for Wilson, 27 percent. Brand recognition was more important for Coleman, with 39 percent of all managers citing that factor, compared to 31 percent for Wilson.

In other standout variations, brand recognition was far more important to Target managers, 63 percent, compared to the overall figure of 27 percent.

Regional variations from the norm for brand recognition ranged from a high of 35 percent of North Central managers to a low of 7 percent of Northeastern managers.

In personal comments on brands, one manager singled out Wilson because: "The name has been around for a long time," and because it manufactures "more reliable equipment."

Managers' reasons for Coleman's success as a top brand included: "Camping is coming up," it is "the leading manufacturer of camping equipment," and Coleman equipment "works well and is reliable."

One manager liked Huffy because, "We have whatever models they are looking for at low prices."

Igloo coolers prompted this comment: "People buy them because of the sale prices. They are large, and they hold a lot."

Regarding Zebco, a manager noted, "it is a good brand name that everyone knows."

Top Brands' Performance by Region				
Brand	**Northeast**	**South**	**North Central**	**West**
Wilson	47%	25%	26%	22%
Coleman	15	23	31	43
Spalding	28	21	21	22
Zebco	4	24	26	17
Huffy	15	11	12	4
MacGregor	8	6	6	2
Garcia	—	4	3	15
Remington	3	4	6	9
Daiwa	3	5	3	4
Igloo	3	—	7	4

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

wilson
BRUCE CURTIS

Wilson reclaimed top brand honors in sporting goods in this year's survey of store managers. (DSN photo)

Fisher-Price and Mattel Remain Tops in Toys

Nationwide DSN Report

Top Brands Vary by Type of Outlet

Brand	All Discounters 1988	All Discounters 1987	Conventional Discounters 1988	Conventional Discounters 1987	Upscale Discounters 1988	Upscale Discounters 1987
Fisher-Price	54%	59%	50%	51%	76%	79%
Mattel	30	40	29	40	33	39
Playskool	25	33	24	30	29	41
Milton Bradley	15	12	15	12	14	12
Hasbro	12	14	13	15	10	12
Little Tikes	11	7	11	4	14	14
Coleco	11	19	10	18	18	22
Kenner	8	6	8	7	6	5
Parker Brothers	5	4	4	4	9	3
Huffy	4	16	5	20	2	5

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

For the fifth consecutive year, Fisher-Price and Mattel were the top two brands in the toy department, based on findings from *DSN's* 1988 Top Brands Survey.

For the third year in a row, Playskool came in third, according to store managers who were asked to name their best performing brands in the annual survey.

After that, however, the lineup this year underwent a fast and furious shuffle.

Milton Bradley and Coleco swapped No. 4 and No. 7 spots. Coleco, which filed for Chapter 11 protection in July, slipped in concert with declining sales of its one-time star performer, the Cabbage Patch doll.

Following the survey, Coleco reported a stunning second quarter loss of $193.3 million, on meager sales of $15.4 million. Coleco primarily blamed the sales slide from $146 million in the same quarter of 1987 on its cash squeeze that prevented it from shipping toys from the Far East.

Coleco now has slipped from No. 3 in 1984 and '85, to No. 4 in '86 and '87. Its No. 7 standing in 1988 put it a notch below Little Tikes, the Rubbermaid division which jumped to No. 6 from No. 10 in 1987.

Huffy, suffering from an industry-wide slump in bicycle sales, did another flip-flop, plunging to No. 10 on the chart from No. 5. In 1987,.it had risen to No. 5 from No. 8 the year before on the top brands survey. As an indicator of bicycle problems, Huffy sold its money-losing Raleigh bicycle brand last month to a European concern.

Hasbro replaced Huffy in the No. 5 spot for 1988. In 1987, Hasbro's Pogo Ball was so popular that discount store managers considered it a "top brand," and put it in the No. 8 slot. This year, four managers still confused Pogo Ball with a "brand," but dropped it to No. 16 in the standings.

Kenner rose to No. 8 this year from No. 11 in 1987. Another new name on the Top 10 this year is Kenner's Parker Brothers subsidiary, which took the No. 9 spot, up from No. 15 in 1987.

Tonka, parent of both Kenner and Parker, failed to make the top 10 but did gain in the standings to No. 11 from No. 15 in 1987.

A handful of managers surveyed still regard Worlds of Wonder, another toymaker in Chapter 11, as among their top brands, but it slipped to No. 14, from No. 12 last year.

Among variations by outlet, industry leader Fisher-Price scored considerably better among upscale managers, 76 percent, than among conventional store managers, 50 percent. Nonetheless, Fisher-Price did the best at Zayre, where 88 percent of its managers mentioned it most often as their top brand.

Playskool, also specializing in educational toys, also did better with Zayre managers, 30 percent, than among K mart managers, 20 percent, and Wal-Mart, 22 percent.

Mattel got a standout rating of 41 percent of Target managers mentioning it as among their top brands, but only 15 percent of Wal-Mart managers put Mattel on their list of top performers.

Milton Bradley's standing also varied considerably among chains, ranging from a high of 25 percent with K mart managers to 9 percent with Target people and a low of 8 percent of Wal-Mart managers surveyed.

Little Tikes stood out at K mart, 17 percent, but garnered only 3 percent at Zayre.

Kenner didn't even exist as a top brand as far as Wal-Mart managers were concerned, and only 3 percent of them considered Parker Brothers a top brand, compared to 13 percent of upscale managers other than Target.

Target managers did not mention either Parker Brothers or Huffy as among their top performing brands, while 10 percent of Wal-Mart managers most often mentioned Huffy as a top brand.

Among regional variations, a number of brands did considerably better in the Northeast than the West and vice versa.

Fisher-Price, for example, came out the best among managers in the Northeast, 71 percent, trailing off to 39 percent of Western managers.

Milton Bradley also fit into that pattern of regional variation, garnering mentions among 28 percent of Northeastern managers but only 11 percent of those in the West.

Coleco, too, fared better in the Northeast, 13 percent, than in the West, 9 percent.

In a reversal of that pattern, Mattel was mentioned by 39 percent of managers in the West, dipping to 19 percent among Northeastern managers.

Western managers also thought more highly of Kenner than did those in the Northeast, 15 percent, against 3 percent.

In West-North Central comparisons, 18 percent of managers considered Hasbro among their top brands, compared to only 8 percent of North Central managers.

Conversely, Little Tikes scored the best with North Central managers, 17 percent, and the worst in the West, 7 percent.

As for reasons why their top brands performed so well, most managers, 32.1 percent, gave first credit to advertising, while a close 31.6 percent cited brand recognition as the prime factor for success.

Product performance came in third, with 26 percent of managers citing that attribute as a reason for a top brand's success in toys.

As usual, advertising was less important to Wal-Mart managers, with only 22 percent citing it as grounds for success. In comparison, 33 percent of Target managers deemed it most important.

Regionally, 44 percent of Northeast managers gave the most credit to advertising for their top brands' successes, while only 27 percent of managers in the South did so.

Brand recognition got more credit for top brand success among upscale discounters, 45 percent, than the norm, 31.6 percent of all managers, and also among Wal-Mart managers, 39 percent, and Zayre managers, 35 percent.

Brand recognition was significantly less important at K mart, with only 14 percent citing it as a factor.

In verbatim comments, store managers offered explanations for the success of the top brands.

Fisher-Price "is synonymous with childrens' toys," said one. "Great assortment of the toys. They don't come apart," said another.

Regarding Mattel, a manager said, "The money they spend on television advertisement," "name brand, quality products," and "Dependable, the name says quality," were sample comments.

As for Playskool, managers liked its "innovation," and its policy of doing "a lot of national advertising."

Of Milton Bradley, "they have a big variety of games for all ages," said one manager.

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Fisher-Price	38%	53%	88%	59%
Mattel	27	15	30	41
Playskool	20	23	30	27
Milton Bradley	25	8	15	9
Hasbro	14	8	9	9

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Fisher-Price	71%	51%	58%	39%
Mattel	19	31	27	39
Playskool	30	20	29	21
Milton Bradley	28	13	15	11
Hasbro	14	12	8	18
Little Tikes	14	8	17	7
Coleco	13	12	10	9
Kenner	3	8	6	15
Parker Brothers	3	6	3	7
Huffy	5	5	5	2

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

DISCOUNTS
MATTEL
SALE!
Barbie

For the fifth consecutive year, Fisher-Price and Mattel finished Nos. 1 and 2 in toys. (DSN photo)

Managers Attribute Top Stationery Brands to Consumer Recognition

Nationwide DSN Report

While the top 10 stationery brands in this year's Top Brands Survey remained basically unchanged since last year, performance of specific brands in the Northeast, South, North Central and West regions of the country, like the top chains, underwent significant changes.

Mead, Crayola and Hirlitz were the only three stationery brands which were named as department leaders by a larger percentage of store managers this year than in 1987.

Scotch maintained its 2 percent of manager mentions, while the other six vendors that comprise the top 10 list lost anywhere from 1 percent to 8 percent of manager mentions, due primarily to a drop in brand mentions which crossed most merchandise categories this year.

Changes in the Top 10

Specific changes in the overall top 10 list included Crayola taking the No. 4 spot from American Greetings, and Stuart Hall beating Scripto for seventh place.

The gap between Mead and Bic widened to 10 percentage points, reversing the trend toward a narrowing gap which had been developing for the past few years. In fact, last year the two brands were only two percentage points away from being tied for the No. 1 spot. Bic and Papermate, on the other hand, maintained the 17 percentage point spread from last year.

Mead and Bic were the only two stationery brand names which generated additional commentary by the store managers surveyed. In anonymous remarks, the store managers noted that Bic and Mead have one important feature in common.

Both "sell themselves" due to high brand recognition among consumers, especially when it comes to Bic. "They are the first name in pens," "Everybody associates it [the Bic name] with pens," "The company has been around for a long time," were among the verbatim comments.

Mead's prices were mentioned frequently, as was advertising and the fact that it is occasionally the only brand of paper sold at a store.

Mead also owes its dominance on this year's chart to gains made in the West. In each of the other three regions of the country, Mead lost store manager mentions, compared to last year. Westerners nearly doubled their vote for Mead, rising from 22 percent a year ago to 41 percent.

While Bic lost mentions in the other three regions, more Southern store managers mentioned the writing instrument leader than last year, especially significant for a year during which most brands lost overall mentions.

The South and West were responsible for boosting Crayola up to the No. 4 spot for the first time since *DSN* started publishing the Top Brands report in 1983.

Upscale discount store managers as a whole mentioned the top 10 brands less

(Continued on page 137)

How Industry's Top 5 Fare at Chains

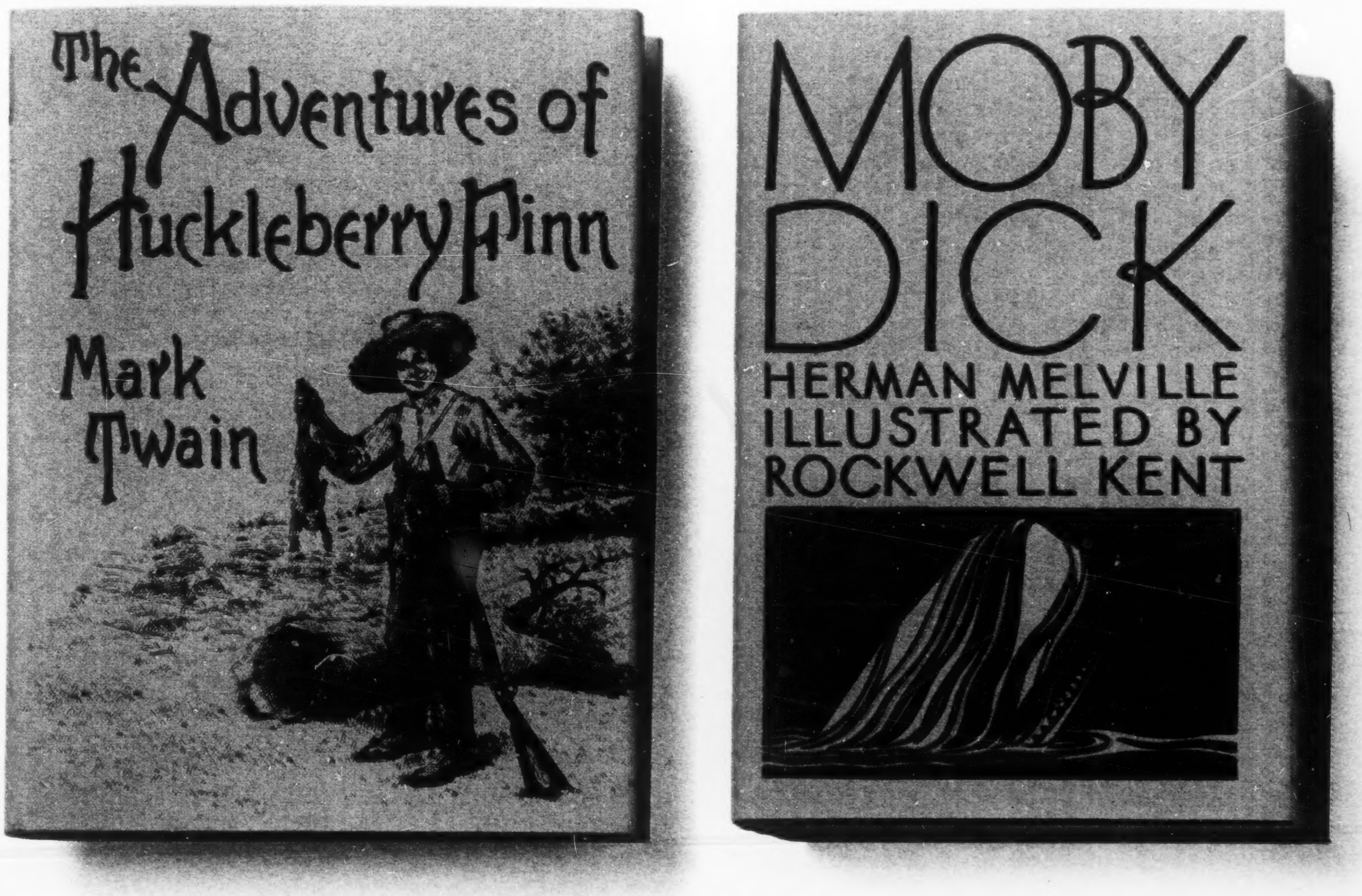
Brand	K mart	Wal-Mart	Zayre	Target
Mead	33%	58%	33%	62%
Bic	28	23	27	29
Papermate	6	15	18	9
Crayola	11	18	24	6
American Greetings	—	—	9	3

Source: Discount Store News/Leo J. Shapiro & Assoc.

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Mead	28%	43%	43%	41%
Bic	46	33	25	24
Papermate	16	15	11	15
Crayola	9	16	6	13
American Greetings	8	4	5	—
Parker	3	5	2	2
Stuart Hall	3	5	1	4
Scripto	6	3	2	2
Hirlitz	—	5	3	—
Scotch	4	—	1	7

Source: Discount Store News/Leo J. Shapiro & Assoc.



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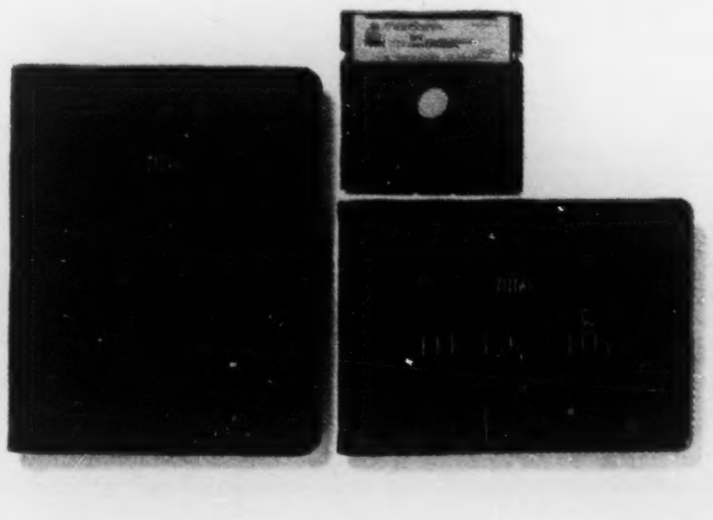


Top Brands Vary by Type of Outlet

	All Discounters		Conventional Discounters		Upscale Discounters	
Brand	**1988**	**1987**	**1988**	**1987**	**1988**	**1987**
Mead	41%	40%	41%	35%	37%	50%
Bic	31	38	30	35	35	44
Papermate	14	21	13	19	19	24
Crayola	11	10	12	11	6	9
American Greetings	4	12	4	10	6	17
Parker	4	9	4	9	3	10
Stuart Hall	3	5	3	3	2	7
Scripto	3	5	3	3	1	10
Hirlitz	3	1	3	1	—	—
Scotch	2	2	2	2	5	1

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

High Brand Recognition Key to Stationery Sales

(Continued from page 136)

often than in 1986. Conventional discount store managers increased their mentions of Crayola, and mentioned Stuart Hall, Scripto and Scotch just as often as they did last year.

Although there was no relative difference between Bic and Papermate overall, among four leading chains, the picture drawn by these writing instrument manufacturers was not as serene.

Bic was mentioned as a best performing brand by 7 percent fewer K mart managers this year and Papermate lost 16 percent at the No. 1 discounter. Consequently, Papermate slipped below fourth-ranked Crayola at K mart. The spread between Bic and Papermate widened at Wal-Mart and Target as well. Only at Zayre did the percentage of managers mentioning the brands become closer between the two.

The rising importance of private label stationery explains part of the drop in mentions at K mart and, to a lesser extent, at Zayre.

Twice as many K mart store managers, 20 percent, mentioned the chain's private label brand as last year; 9 percent of Zayre managers mentioned its private label stationery line this year as a best performing brand compared to 6 percent last year.

No Stationery Department

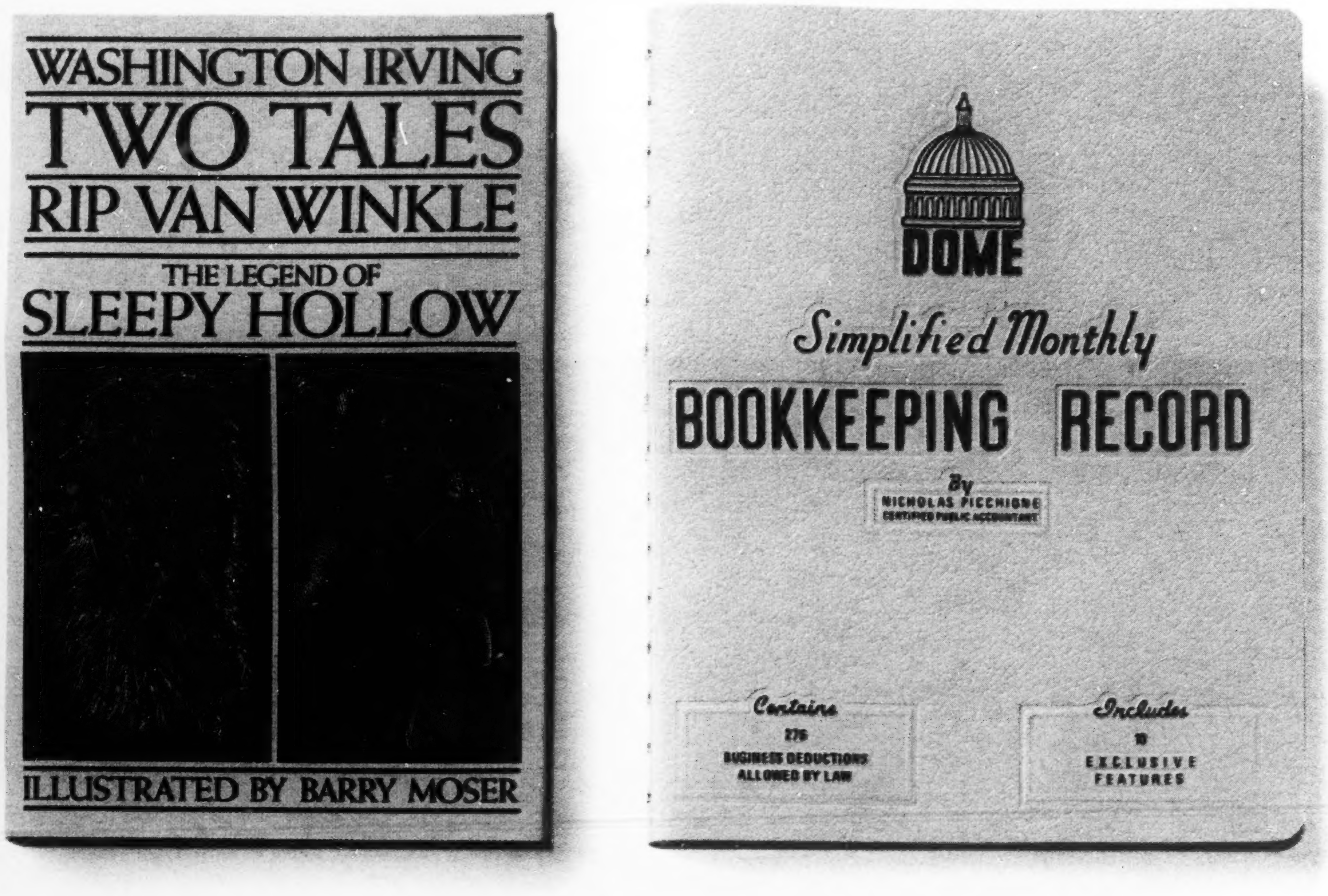
Another factor affecting the mentions of the top 10 stationery vendors in this year's report was an increase in the number of retailers who said they do not operate a stationery department. Last year, only 1 percent of the total survey population said their store does not sell stationery. This year that number jumped to 9 percent. The largest concentrations of store managers who said they do not operate stationery departments were in the North Central (13 percent) and West (10 percent.)

Additionally, a larger percentage of brands were below 1 percent (not included on the top 10 chart) and included in the "other" brand grouping. Twenty-two percent named a small or perhaps regional brand as a best performer, compared with 20 percent last year. Among upscale discounters, 33 percent mentioned a vendor that fell into the "other" category as a leading performer in their stationery department.

Zayre store managers considered manufacturer advertising as being among the most important elements that made a given stationery brand a department leader. Thirty-six percent of all Zayre managers surveyed mentioned advertising as a key performance factor, compared to 25 percent or below at K mart, Wal-Mart and Target.

Product performance was most important to K mart store managers, cited by 31 percent of those surveyed. No more than 25 percent of store managers from the other three chains named product performance as a factor.

Among brands which were below the top 10 ranking but which gained increased mentions between last year and this year were: Sangamon, which was No. 17 last year but just missed this year's top 10 list by 0.2 percent; Cross, which rose from number No. 22 last year to No. 14 this year; and Empire, up from No. 24 last year to 15th this year.



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Stanley, B&D Maintain Brands Domination

Top Brands Vary by Type of Outlet

	All Discounters		Conventional Discounters		Upscale Discounters	
Brand	**1988**	**1987**	**1988**	**1987**	**1988**	**1987**
Stanley	56%	64%	55%	67%	61%	56%
Black & Decker	54	66	54	65	53	68
Lucite	9	4	10	5	7	4
Glidden	6	9	4	7	13	16
Dutch Boy	4	—	3	—	9	—
General Electric	3	11	2	7	6	21
Royal	2	1	2	2	—	—
Red Devil	2	1	2	1	2	—
Olympic Paint	1	1	1	—	3	4
Vermont American	1	—	2	—	—	—
Master Lock	1	1	1	1	—	—
Skil	1	3	1	4	—	—
Genie	1	2	—	—	7	7

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Black & Decker continues to be recognized by store managers as among their best performing hardware brands. (DSN photo)

Nationwide DSN Report

For the fifth consecutive year, Stanley and Black & Decker were named by the largest number of store managers as their top performing brands in the hardware category, according to *DSN*'s 1988 Top Brands Survey.

This year, however, Stanley took the top spot, edging out Black & Decker, due to an improved position at upscale discounters. This was also the first time since 1984 that Stanley beat Black & Decker for the No. 1 spot on the Top Brands Survey list. The margin separating the two hardware manufacturers, though, was a slim two percentage points.

Both Stanley and Black & Decker were mentioned by more than 50 percent of the store managers when they were asked to name their top performing brands in the hardware department.

Although Stanley and Black & Decker continue to have a stronghold on the top two spots on the survey, the number of store managers naming the two brands as top performers has waned over the years, peaking in 1986 when each manufacturer was named by more than seven out of 10 managers, compared to five of 10 this year.

This year also marked the second year in a row that Stanley edged out Black & Decker among conventional discount department stores, but the margin was less than 2 percentage points.

Store managers surveyed evaluated Stanley as a quality product with a national name and a loyal following. Among the comments were the following: "They have a reputation for durability and making products in convenient sizes that last a long time;" and, "Stanley is a name [that] has been around for years and their tools last for five or more years."

Black & Decker is also seen as a quality product with name recognition. One store manager said Black & Decker has "high quality merchandise with reasonable warranties."

Among conventional discount department stores, Stanley maintained its edge over Black & Decker, particularly at K mart. Stanley was mentioned as a top performing brand by nearly 70 percent of K mart store managers, compared to almost six of 10 who named Black & Decker.

Black & Decker was mentioned more often as the top performing hardware brand by store managers at Wal-Mart and Zayre, but by very slim margins.

Upscale discounters also gave the top spot to Stanley, but by larger margins. Stanley was named by six out of 10 upscalers, compared to Black & Decker's 53 percent rating.

More Target store managers, however, said Black & Decker is a best performing hardware brand in their stores, by about 3 percentage points over Stanley.

The third most often named hardware brand in the survey was Lucite, up from No. 6 in the 1987 survey. Glidden, another popular paint label, held on to fourth place followed by Dutch Boy in fifth, and General Electric in sixth.

However, store managers reported that their company's own private labels were top performers in the hardware department, outperforming such top brands as Dutch Boy and General Electric.

In the previous year's survey, General Electric placed third among store managers as a top performing hardware label, followed by Glidden, Rubbermaid, Lucite, Hirsh and Skil.

General Electric's sixth position on the current survey is the company's poorest standing since the survey began in 1984. At that time, General Electric ranked third in the survey.

Rounding out the top 10 this year were Royal, Red Devil, Olympic Paint and Vermont American.

Rubbermaid, which last year placed fifth in the top 10, fell to 16th place this year.

Other top performing brands mentioned by the store managers include Master Lock, Skil, Genie, Great Neck, Hirsh, Quickset, Homelite, Yale, and Bull Dog.

After Stanley and Black & Decker, the top performing brands varied slightly at the retail level.

For example, conventional discounters placed Lucite third, but upscalers preferred Glidden.

Performance at individual retailers also varied widely, probably because few of the major discounters carry the same paint brands.

At K mart, Glidden came in third with more than 9 percent of the store managers naming it, followed by Dutch Boy, which was tied with the discount giant's private label products. Both labels were mentioned by more than 6 percent of the K mart managers as top performing brands in the hardware department.

Thirteen percent of Wal-Mart store managers cited Lucite as a top performing brand, giving the paint label the third place spot on the list. General Electric finished in fourth place at Wal-Mart, but Wal-Mart's own private labels received more mentions than GE, according to the survey.

About 30 percent of Zayre managers named Lucite as a top performing brand in the hardware department, the best finish for the paint manufacturer among conventional discount store retailers. General Electric took fourth place, and Hirsh, the storage products manufacturer, finished fifth.

Among upscale discounters, Glidden finished in third place (13 percent), followed by Dutch Boy with 9 percent of the manager mentions, and Lucite and Genie tied for fifth position with 7 percent.

The 1988 Top Brands Survey also revealed various brand performance differences by region of the country and store size.

Store managers in the four regions split their loyalty between the two top hardware manufactures as well as among the top five.

Both Northeastern and Southern store managers mentioned Black & Decker more often as top performing brands than they did Stanley. The reverse was true in the North Central region and the West, but with more commanding leads for Stanley.

Lucite finished in third place in the Northeast and the South, but Glidden took that spot in the North Central area and Dutch Boy came in third in the West.

In terms of store size, the ranking of the top hardware brands changed again.

Stanley received its strongest showing as a top performing brand at large stores like Target. In stores of more than 100,000 square feet, Stanley was mentioned by six of 10 managers as a top performing brand, compared to fewer than five of 10 manager mentions for Black & Decker.

The gap closes as the stores get smaller. Among managers of stores between 60,000 square feet and 100,000 square feet, Stanley's lead shrank to less than 5 percentage points.

How Industry's Top 5 Fare at Chains

Brand	K mart	Wal-Mart	Zayre	Target
Stanley	67%	63%	64%	56%
Black & Decker	58	65	67	59
Lucite	—	13	30	—
Glidden	9	—	—	29
Dutch Boy	6	—	—	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	Northeast	South	North Central	West
Stanley	54%	54%	61%	54%
Black & Decker	56	57	55	41
Lucite	21	11	7	—
Glidden	3	5	8	4
Dutch Boy	5	5	1	6
General Electric	5	3	3	2
Royal	—	4	—	2
Red Devil	4	1	—	4
Olympic Paint	3	—	3	3
Vermont Amer.	—	1	—	4
Master Lock	—	1	1	2
Skil	—	—	3	2
Genie	3	—	3	—

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Hershey's, Snickers, M&M Grab Top Billing

Nationwide DSN Report

Hershey's unseated Frito-Lay as the the No. 1 label on *DSN*'s Top Brands Survey in the food, candy and snacks category. Frito-Lay, which held a small lead over Hershey's in the 1987 survey, fell to sixth place in 1988.

Despite Hershey's advance, it was named as a top performing brand by fewer store managers in the current survey than last year.

Slightly more than two of 10 discount store managers named the popular chocolate products brand as a best performer, barely edging out Snickers, which was No. 2.

M&M finished third, followed by Planters and Brach's in fourth and fifth, respectively. Rounding out the top 10 were Frito-Lay, Mars, Sather, Milky Way and Nabisco food products.

For the M&M/Mars company, the 1988 Top Brands Survey again saw three of its products, M&M, Mars and Snickers, on the top 10 list of best performing brands. Again, the company's brands taken together totaled the greatest number of mentions of all suppliers in the category. However, mirroring the trend in other categories in this year's survey, M&M/Mars brands received fewer mentions than a year ago.

Despite Hershey's hold on the No. 1 spot on the food, candy and snack list, it did not dominate the survey's results.

Top Brands Varied

In fact, the top five brands in this category varied considerably by chain type, specific retailer, region of the country and store size.

In addition to Hershey's and Snickers, other labels receiving first place positions in the surveyed category included Sather, Planters, M&M, and Frito-Lay.

Among conventional discounters, Hershey's was the most often named brand, barely edging out Brach's (by tenths of a percentage point), Frito-Lay and Snickers. The top four brands were separated by just 1 percentage point. M&M, the fifth place finisher, lagged by just 3 percentage points.

The only conventional discounter to name Hershey's most often as its top performing brand was Zayre.

Four of 10 Zayre store managers named Hershey's a top performer, followed by Snickers and M&M, which were tied for second place with 21 percent of the mentions.

Frito-Lay was in fourth place with nearly two in 10 Zayre store managers naming the brand as a top performing brand in the category.

At K mart, the most often named brand was Sather. At Wal-Mart, most store managers said Frito-Lay—last year's No. 1 brand on the overall Top Brands list—was among their best performers.

More than four of 10 Wal-Mart store managers said Frito-Lay was their best performing brand, followed by Little Debbie, with three in 10 mentioning the snack cake brand. Brach's was third with nearly three in 10 manager mentions, followed by Ocean Spray and Nabisco.

K mart store managers gave their support to Sather as a top performer, with three in 10 mentioning the candy brand in the survey. Hershey's was second with almost three in 10 manager mentions and Snickers with one-fourth the managers naming the brand as a top performer.

Survey results among upscale discounters, and Target in particular, varied even more dramatically.

Upscale discounters gave the lead position to Planters, as did Target. Three of 10 upscale discount store managers and four of 10 Target store managers mentioned Planters as a top performing brand.

The second most often mentioned brand on the upscalers list was M&M, followed by Snickers and Hershey's.

At Target, M&M and Frito-Lay tied for second, according to responses from store managers, followed by Mars, Snickers and Hershey's all tied for fourth.

Planters' clear first place finish at Target was double the response rate for M&M and Frito-Lay, which received mentions from two in 10 Target store managers.

Survey results in the country's four regions also varied.

More than three in 10 Northeastern discount store managers named M&M as a top performer.

In this region, M&M was followed closely by Hershey's, with three in 10 manager mentions. Planters, the third place finisher, was mentioned as a top performing brand by one-fourth of the surveyed store managers in the Northeast. Nestle's fifth place finish in the Northeast was its best showing in the survey.

In the South, Hershey's and Frito-Lay tied for the top spot with 23 percent of the store managers naming the popular food products as top performers.

Snickers was the most often mentioned top performing brand in the North Central region. About one-quarter of store managers in this region named the popular candy bar, which was followed by Brach's, Planters, M&M and Frito-Lay.

Western-based discounters gave the top spot to M&M and Snickers, with each candy product named by three out of 10 managers. Hershey's came in third with more than two in 10 store managers mentioning the label.

Broken out by store size, Snickers bars took the No. 1 position among managers running stores of over 100,000 square feet and in stores of under 60,000 square feet.

Discount store managers operating units of between 60,000 square feet and 100,000 square feet named Hershey's as among its the top performing brand most often, three of 10 of them naming the brand.

Among store managers of the mid-size units, Brach's candies received nearly as many manager mentions as Hershey's as a top performer. Brach's was followed by Planters, M&M and Mars.

After Snickers, which received mentions from nearly three in 10 managers operating units of over 100,000 square feet, came M&M, followed by Planters, Hershey's and Sather.

Frito-Lay came in second among store managers operating units of 60,000 square feet to 100,000 square feet, followed by Hershey's, M&M and Brach's.

Top Brands Vary by Type of Outlet

	All Discounters		Conventional Discounters		Upscale Discounters	
Brand	**1988**	**1987**	**1988**	**1987**	**1988**	**1987**
Hershey's	22%	30%	21%	28%	28%	37%
Snickers	21	16	20	18	28	11
M&M	20	24	18	25	30	21
Planters	20	27	17	23	31	38
Brach's	19	29	21	30	11	27
Frito-Lay	18	35	20	31	8	42
Mars	13	16	13	11	14	27
Sather	13	13	15	19	—	—
Milky Way	7	3	6	3	14	3
Nabisco	6	10	6	11	3	9

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

How Industry's Top 5 Fare at Chains

Brand	**K mart**	**Wal-Mart**	**Zayre**	**Target**
Hershey's	27%	3%	39%	15%
Snickers	25	5	21	15
M&M	17	3	21	21
Planters	23	8	15	41
Brach's	6	28	3	6

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Brands' Performance by Region

Brand	**Northeast**	**South**	**North Central**	**West**
Hershey's	29%	23%	15%	26%
Snickers	7	18	26	31
M&M	32	12	17	31
Planters	26	19	22	11
Brach's	14	19	25	13
Frito-Lay	15	23	16	15
Mars	12	15	10	18
Sather	6	10	14	20
Milky Way	9	4	5	15
Nabisco	4	9	5	2

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

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Ames Unveils Plan to Rebuild Zayre After $800M Acquisition

(Continued from page 1)

alysts meeting last month.

There is evidence that this is more than just wishful thinking. First, there is Hollis himself. In a relatively short reign as president and chief executive officer, he has not only overcome a major inventory shrinkage crisis, but simultaneously modernized the company's merchandising philosophy, redesigned and redirected Ames and Murphy stores, launched three new retail concepts, and, perhaps most important, installed a management team that has performed enviably.

"That may be Hollis' most important accomplishment," replied Jack Siebald, vice president of Salomon Bros., and a longtime follower of both Ames and Zayre. "His upper management team is impressive, and the lower ranks seem to be equally good.

"Certainly there's risk involved here," said Siebald, "but if the acquisition works out, it won't just be a home run, it'll be a grand slam."

That "grand slam" will include:

- Becoming the third-largest discount chain in the world;
- The acquisition of at least 300 prime locations at bargain basement prices;
- The addition of some of the industry's most experienced management;
- The potential for increased profitability with a move into metro markets.

For the short-term, Ames is quickly taking steps to rebuild Zayre. According to Hollis, a store design firm (reportedly Columbus, Ohio-based Retail Planning Associates) will be hired to design a new prototype for Zayre. Between 30 and 70 Zayre stores will be closed or sold, sources said.

Ames will also take a hard look at Zayre's pricing, and will probably buttress prices on certain staples.

"We're going to return the gross margin to the levels of other major discounters who also employ promotion as part of their overall corporate strategy, like K mart and Target," Hollis said. That figure would be in the 27 percent to 28 percent range, up from Zayre's present 24 percent to 25 percent range.

Ames is also in a position to upgrade Zayre's poor-performing apparel departments.

"It seems that apparel was a very low priority with some of previous management . . . We think we can turn that around very quickly," an Ames spokeswoman said. Hollis added the company will also look at other departments that might need a more fashion-forward approach.

Ames said it will introduce efficiencies that should improve the stores' competitive posture. Some examples:

- A new satellite communications program which has reportedly received the approval of top management;
- An inventory control system that in the past year cut Ames' shrinkage rate in half;
- A new and productive store configuration that should be as effective in metro markets as in rural areas;
- Efficient distribution systems that have dramatically reduced out-of-stocks, a major Zayre operational weakness.

Longer-term, the company must decide whether to keep the recognizable Zayre name alive or to fold the stores into the Ames operations. According to Hollis, the Zayre name will probably be dropped, but the company plans to conduct consumer focus groups before making any final decision.

Hollis blamed steps taken by management in the fourth quarter of last year for accelerating Zayre's skid.

"There was a liquidation of inventory," he said, "At the same time, there was an attempt to be more everyday low price, at the same time that the circulars were getting loaded up with highly consumable, identifiable products. The net result was a rapid and sudden decrease in gross margin. That is simply not how we would run our business."

Whatever the source of the problems, it appears that Ames got a good deal. Salomon's Siebald noted that at about $2 million per store, with inventory, the price works out to about 22 cents on the sales dollar.

According to Hollis, Zayre has "exceptionally low-cost leases," which fits in with Ames' operating theory, and Hollis noted that Herb Zarkin, recently named chairman of Zayre Stores and now executive vice president at Ames, had "completed the cleansing of the inventory at Zayre stores . . . markdowns have been taken . . . and the inventory is ready to do business."

Hollis said that, while it may take as long as two years to bring Zayre up to Ames' profitability standards, "Zayre stores should be marginally profitable in the fourth quarter of this year."

Wholesale Club Battles in Midwest

(Continued from page 3)

WHLSP as its symbol. The company's common stock, WHLS, has been traded through the NMS for a number of years.

The Wholesale Club's 100,000-square-foot unit in the Grand Rapids suburb of Kentwood will be its first store in Michigan and 19th overall. The chain now operates in Michigan, Minnesota, Indiana, Ohio and Wisconsin.

The $120 million company plans to open four or five new clubs next year, compared to the three it unveiled this year. The new units are expected to be in the chain's current states and possibly Illinois.

The proposed move into the Grand Rapids area in southwestern Michigan reflects the chain's plan of locating stores in markets that don't have other clubs. Of the eight cities where the chain already has stores, it only faces competition from another club in Canton/Akron and Columbus, Ohio, from Warehouse Club and in Cleveland from Makro.

The Wholesale Club's growth strategy is to place as many stores as necessary to sew up a market, discouraging competitors. The chain has been more successful in the Upper Midwest than other membership clubs. Costco pulled out of the region by closing its Minneapolis units, leasing one to The Wholesale Club. The Warehouse Club shut two Detroit stores, leasing them to American Wholesale which later closed the units.

Sam's has followed a similar expansion strategy, planting multi-units in major metro areas like Dallas/Fort Worth (eight stores) and New Orleans (four stores) while being the first to enter smaller markets like Waco, Texas, and Huntsville, Ala.

Prodigy Signs Lechmere; Adds 4 Markets

(Continued from page 1)

program on TV and radio, in newspapers, and general and computer magazines;

- Launched its service in four cities—Los Angeles, San Diego, Sacramento and Santa Barbara, Calif.—to reach a total of seven markets;
- Named Detroit as a new market for 1989.

Lechmere, a Woburn, Mass.-based hard goods chain, is in the final stages of setting up a fulfillment operation, an expansion of its existing phone order service, to handle PRODIGY orders.

Lechmere's use of PRODIGY will enable the chain to gauge consumer response to its merchandising in markets where the chain doesn't have stores, especially the West Coast. Lechmere's 24 stores are in eight East Coast states.

Following the lead of Lechmere and K mart, other full-line and specialty discounters are expected to join PRODIGY within the next few months. The other retailers now on the service are traditional department stores.

PRODIGY, which is available for a $9.95 a month fee, is a videotex service that allows personal computer owners to access a broad range of goods and services including shopping, travel, banking and electronic mail, and information on news, weather and sports.

Prodigy Services Co., a $400 million-plus joint venture between IBM and Sears, said that Nash Finch would begin merchandising on the service in the next few months, joining two other food retailers, Grocery Express and Kroger. Nash Finch is expected to provide grocery services in the Upper Midwest when markets there get PRODIGY. Kroger is currently on the service in Atlanta; Grocery Express is in San Francisco.

The electronic retailer launched its service in June in Atlanta, San Francisco, Hartford, Conn., and its home base of White Plains, N.Y., while targeting the metro New York area as a 1989 market.

Nash Finch already merchandises grocery, health and beauty aids, and floral products on Telaction, JCPenney's interactive cable TV shopping and information service that still is in a start-up mode in Chicago, reaching about 4,000 homes on one system.

Over 120 retailers and service providers have joined PRODIGY, with about 70 already advertising on the service. The retailers include Sears, JCPenney, The Broadway, Neiman-Marcus and Spiegel.

Meanwhile, Sears, JCPenney and Neiman-Marcus, along with such other retailers as Consumers Distributing, Oshman's SuperSports, and Dayton Hudson Department Stores are on Telaction.

Prodigy also said that it has started to market its service through a network of retailers that already includes seven computer hardware and software chains, including Radio Shack, Computerland, Egghead Discount Software, Sears and Sears Business Centers.

These retailers sell PRODIGY start-up kits, which include an optional modem for computer owners who don't have this device. K mart and Lechmere are likely to sell PRODIGY start-up kits once they market on the service.

All these moves are part of a major effort by Prodigy to promote its service to both computer and non-computer owners. A spokesman said the $30 million ad campaign and the other steps should finally make computer services well known to the public, not just to computer owners.

Prodigy later this year expects to identify 11 other cities that it will enter in 1989 to reach its first goal of offering its service in 20 of the nation's top markets by the end of next year. Trade observers expected that these new markets will include a number of major Midwestern and South Central cities. Chicago is a likely market because of Nash Finch's tie-in into the service.

The 20 markets Prodigy expects to be in by the end of next year will contain 41 percent of the nation's households; its goal is to eventually be available in cities that house 80 percent of U.S. homes.

Catalogers Spurn Takeover Offers

(Continued from page 1)

led trade observers to speculate that any takeover would likely maintain each cataloger as is, rather than sell assets as had occurred in other takeovers of retailers like Federated Department Stores.

Zimmerman didn't say why Service management wouldn't proceed with its plan.

Security analysts speculated that Zimmerman's proposed buyout was a move to set Service's stock in play. Despite heavy trading of the stock, the proposal at presstime didn't seem to attract other potential buyers.

The Best buyout announcement pushed its stock to a $19.50 a share high. The stock at presstime has continued to trade near its high.

Best declined to identify who made the $21 a share offer or the "certain parties that have expressed an interest in acquiring the company." Best said it "is providing information to, and is holding discussions with," these parties.

Security analysts guessed that the offer came from The Prospect Group, a New York investment firm that owns 9.9 percent of Best's stock. Prospect chairman W. Wallace McDowell Jr., had "no comment" on the speculation.

He said Prospect about two months ago had bought approximately 2.5 million Best shares at about $13 a share because "it was a good investment." At that time, Prospect said it might talk with management on a "possible acquisition or control" of Best.

Service has also been cited as a possible acquirer of Best as the value of the management group's proposal was about the same amount as the offer for Best. Zimmerman had "no comment" on any Service interest in Best.

Besides Prospect and Service, observers speculated that a foreign retailer was among those interested in Best. There were rumors earlier this year that a Japanese retailer approached Service, but the cataloger declined to comment on the report.

Best wouldn't name members of the board of directors' committee that is considering Best's future. The committee is advised by Merrill Lynch Capital Markets and Wheat, First Securities, whose chairman, James C. Wheat Jr., is a Best board member.

Security analysts were surprised by Best's rejection of the $21 bid as $21 to $25—particularly the lower amount—was considered a fair offer for the company. The consensus was that Best turned down the first offer to see what other bids might develop.

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